Argentina

up austral

and curb

inflation

By Our Foreign Staff

ARGENTINA is to introduce

sweeping measures in an attempt to curb hyperinflation

and check a rapid devaluation

in the currency.
The measures were

announced yesterday by Mr Antonio Erman Gonzalez, the

Economy Minister, who has

acts to prop

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Wednesday January 3 1990

World News

Unrest in Azerbaijan spills over into Iran

A wave of nationalist unrest sweeping the Soviet republic of Azerbaijan has spilled over into riots along the border with neighbouring iran, according to the latest official reports reaching Moscow.

Tass, the government news agency, said that crowds had attacked border posts along some 85 miles of the closely guarded frontier. Page 2

Panama looting toll Losses and damage from looting in Panama are estimated by the President of Panama's Chamber of Commerce to reach \$2bn, following the US invasion last month, an amount equivalent to half Panama's annual GDP. Pages 4, 12

Politburo detained The new Romanian govern-ment said that the entire Politburo of the Communist Party was in detention. The Foreign Ministry spokesman did not say how many had been arrested or what charges they

might face. Page 2 Peace hopes fade The decision by Israeli Prime Minister Yitzhak Shamir to demote Ezer Weizman for con-tacting the Palestine Liberation Organisation has reinforced Palestinian pessimism about the peace process.

Oil threat persists

A Dutch salvage company said that refusals by Spain and Morocco to allow the leaking franian supertanker, Kharg-5. into sheltered waters for repairs had worsened the oil spill off the Moroccan coast.

New Delhi package Indian Government is to announce a three-year foreign trade policy on April 1 and a new long-term fiscal policy to be presented to parliament.

Exodus to continue expecting 350,000 immigrants from east bloc countries, excluding East Germany, roughly. the same number as in 1989.

American nun killed US-backed rebels killed two nuns, an American and a Nicaraguan, in an attack in north-east Nicaragua, Managua

Israel rejects charge Israel dismissed as "outrageous nonsense" an Amnesty International report accusing it of encouraging security forces to kill Palestinians during

unrest in the occupied areas. Emigrés welcomed Turkish emigrés returning to

able to reclaim their jobs and property, the Bulgarian consul-ate in Istanbul said. Page 2 Cold kills in Dhaka: Cold weather hovering over

Bulgaria from Turkey will be

Bangladesh has killed at least 150 people and has prompted demonstrations by villagers. Right of passage

China will allow dissident Fang Lizhi to leave the US embassy in Peking, where be has been sheltering since June, and travel to Australia before the end of this month, a Hong Kong magazine said.

Secui-Moscow talks South Korean Foreign Minister Chot Ho-Joong said Seoul would start talks soon with the Soviet Union on establishing diplomatic relations.

IRA kills Protestant IRA bombers killed a Belfast taxi driver taking his teenage daughter to school and said military extremist.

DOLLAR

1911

yield: 7.97%

COMMODITIES, Page 22, EQUITIES Pages 23 (London), 31 (World)

nava (1971). Alemana a Alemana (n. 1971).

US stocks hit

session

Wall Street soared to a new record high and the dollar strengthened significantly against all major currencies, as US investors responded enthusiastically to indicators suggesting that the economy was likely to avoid an immi-nent recession. The Dow Jones Industrial Average decisively breached the 2,800 mark and closed 59.55 points up at

NICKEL prices continued to retreat, cash metal shedding \$387.50 to close at \$7,887.50 a

Cash metal (1000 \$ per lonne)

tonne - the lowest level for two years on the London Metal

BELL RESOURCES, struggling Australian investment group, made a surprise intervention into a court case to decide the fate of Bond Corporation Hold-ings, its parent. Page 13

duction at a plant near Prague because it has lost all its work-ers in a huge prison amnesty, Minister for Labour and Welfare Petr Miller said. Page 2 NRWS Corporation chief energing Ruport Mondock English appointed Andrew English for mer chief executive of the Daily Telegraph group, as executive chairman of News Inter-

national, Murdoch's main UK subsidiary. Knight will be Television. Page 13

pete for the lead consultancy contract on Hong Kong's planned HK\$35bn (\$4.48bn) airport. Page 5.

RRITAIN'S economy will return to steady growth in 1991 after avoiding recession this

year, according to a Financial Times survey of 22 forecasting groups. Page 12 BANK of Boston, largest regional bank in New England,

unveiled \$300m of fourth-quar-ter loan write offs and the sale of its credit card business to Chase Manhattan. Page 13 -

eign currency accounts.

BRITISH Airways, KLM and Sabena have begun to set in place the management struc-ture of their joint venture, Sabena World Airways. Page 14

TAIWAN is to appoint officials to Belgium, the US and other countries, to boost farm exports and raise competitiveness. Page 5

CAMPRAU, indebted Canadian retail company, received a temporary reprieve when Citibank, its lead banker, decided not to call in \$2.3bn worth of loans. Page 16

GLOBAL Equities: The value of international courties in US dollars, measured by the FT-Actuaries World Index, rose by some 15 per cent last year.

record in year's first

1989

Exchange Commodities, Page 22

SKODA, the Czech carmaker, has had to halt almost all pro-

le for the group's five national newspapers from The Times to The Sun, and for Sky

AKROSPACK: Eight interna-tional airport design groups have been shortlisted to com-

ITALY is to abolish some restrictions on domestic for-

Page 12

Country-by-country report and quarter-by-quarter periormance pattern over the year, Back page, Section II.

Czech President endorses hopes for united Germany

EUROPE need not fear united Germany, provided it was democratic, Mr Vaclav Havel, Czechoslovakia's play-wright turned-President, said

yesterday. President Havel made his cautious endorsement of German unity during an historic one-day visit to East and West Germany – his first since becoming head of the new, non-Communist Czechosio-

After a morning visit to the Brandenburg Gate and the Ber-lin Wall and before flying to Munich for an afternoon meet-ing with both Chancellor Helmut Kohl and President Richard von Weizäcker of West. Germany, Mr Havel said:

"We need not fear a peaceful and democratic (German) state no matter how large it is. "Much of Czechoslovakia borders on East or West Ger-many. Germany virtually sur-rounds us. It must free its neighbours of fear, specifically the fear of a Greater Germany, the Czechoslovak Presi-

Mr Havel, who headed the opposition Civic Forum until his election last week, significantly chose the two German states for his first foreign visit and not the Soviet Union as Czechoslovak presidents had done since 1948. Mr Havel said he was "sur-

prised" to find the Berlin Wall still standing. With a charac-teristic flash of wit he offered the help of Czech workers to help tear down what remained of the structure Mr Manfred Gerlach, East

Germany's acting head of state, was reported as saying after receiving Mr Havel that the wall was "superfluous" and



Vaclay Havel grasps the hands of exiled Czechs before leaving West Germany yesterday

would indeed be torn down. Mr Havel said that he hoped that East and West Germany would swiftly agree on the future of the two countries. He said: "This process must be part of a whole European process. It must be worked out by negotiations, not through wild

gestures."
Emotions in both East and West Germany needed to be "calmed" and any German confederation integrated in an "All-European process," Mr Havel said. The Germans themselves had to remove the fear of a Greater Germany by embracing democracy.
The Czechoslovak President was accompanied by Mr Marian Calfa, the Prime Minister, and Mr Jiri Dienstbier, the Czechoslovak Foreign Minister Virtually the entire West German leadership went to Munich to welcome President Havel at the airport: President yon Weizsäcker and Chancellor Kohl were joined by Mr. Hans-Dietrich Genscher, the Foreign Minister, and Mr Max Streibl, Bayaria's Prime Minister.

The Czechoslovak leader held a joint news conference with President von Weizsäcker, who hailed the visit as the beginning of a new chapter in relations between the two countries. Germans and Czechoslovaks were coming to terms with their past, he noted. Mr Havel said talks would take place shortly with West Germany on eliminating visas for travel between the two countries and that he had invited President Weizsäcker

to visit Prague. Chancellor Helmut Kohl said after his talks with the Czechoslovak leader that Bonn would support him with all means at its disposal.

Apart from the historic significance of Mr Havel's visit, Czechoslovakia is also anxious not to miss out on the eco-nomic benefits of closer links with West Germany. Bonn expects 350,000 east bloc immigrants, Page 2

been in office for three weeks. Mr Gonzalez is facing the collapse of the austral, which depreciated 47 per cent in December. It stood at about 1,950 australs to the dollar before the new year holiday. A year ago, one dollar bought ess than 15 australs. The move follows an unsuc-cessful attempt last year to

curb hyperinflation. December's inflation is likely to exceed last July's record 196.6 Mr Gonzalez, a long time political ally of President Carlos Menem, promised that Argentina would stop printing money in excess of the needs for paying salaries or pensions.

to bring interest rates down from their current monthly rate of 300 per cent. The new programme, likely to meet opposition from Mr Menem's trade union supporters, also includes the suspen-

sion of the banking system's short-term deposits. It intends to force companies and investors into selling dollars and buying australs. The move limits to 1m australs (roughly \$430) the amount which investors in fixed term deposits can withdraw in cash. To raise funds investors will either have to sell dollars or

accept repayment as their saving in 10-year dollar denominated government bonds. This measure is likely to anger small and medium investors. Many investors hold their money with banks on a seven-day basis, the *plazo fijo*, which creates regular chaos as inves-

tors weekly hunt for margin-ally better interest rates as a means of beating inflation. Interest rates have soared from less than 10 per cent to 300 per cent per month in December, as banks have attempted to attract deposits amid a flight by Argentines away from their own currency

into US dollars. Mr Gonzalez said the new measures were necessary to protect the austral from collapsing to as low as a possible 4,000 australs to the dollar. President Menem has been in office for just six months

Continued on Page 12 Bleak start to 1990, Page 3

Vatican must woo taxpayers as well as **Catholics** By John Wyles in Rome

D 8523A

A QUIET revolution has this week ended the Italian Roman Catholic Church's 123-year direct dependency on the state. The Vatican will no longer be eligible for a subsidy to pay clerical wages and to build new churches.

new churches.

If not exactly privatised, the Italian Church must now look to the generosity of the faithful and to lobbying the taxpayer if it is to maintain its activities and balance its

The prospect has caused the quickening of many a clerical pulse since the change was agreed in the revised concor-dat between the Italian state and the Vatican signed at the beginning of 1984. The inter-vening period has been employed in a top-to-bottom overhaul of the Italian Church's management of its physical assets and in introdu-

cing a new salary system for its 42,000 clergy.

Last year the Church launched a vigorous advertising campaign to acquaint both the priesthood and the laity with the change in financing which was presented as some-thing of a return to its early participatory Christian roots. Jesus and his disciples were dependent "above all on the generosity of their followers and sympathisers," intoned a pamphlet distributed to all

parishes in October.
Since 1866, Italian Roman
Catholics have been firmly tied to the Government's purse strings by a system known as the congrua. This wage sub-sidy effectively established priests and bishops as public employees, drawing in 1984 an average of L840,000 (\$662) a month. Last year's final con-grua cost the Treasury

The new system bases Church financing entirely on donations and a sort of taxpayers' plebiscite. During the negotiations, the Italian bishops reached out for some of the incentives that the modern state can offer and secured an agreement that cash donations to the Church of up to L2m a year will be tax deductible, offering savings for the highest income brackets of

As prudent men, they knew however, that the Church would be unlikely to be able to cover its expenses just by counting on the faithful. A second, and more vital, concession wrung from the state was Continued on Page 12

team plans Warsaw visit

man, Economics Correspondent, in London

TOP TEAM from the Organisation for Economic Co-operation and Development is to go to Warsaw next Monday to explore with the Polish authorities how to help the country adjust its economic structures to a market-based

A main goal of the 15-strong mission, the largest ever to be sent on a foreign assignment from the OECD's Paris headquarters, is to assess how best to inject competitive conditions into Poland's economy. The OECD team will meet senior Polish officials for three days of talks to discover what

By William Dawkins in Paris

SOME of France's best known

electrical engineering compa-nies have been fined a total of FFr128m (\$22m) for illicitly

conspiring to fix prices and

carve up contracts for electri-cal installations in the Paris

metro and in the capital's pub-

lic buildings.
This is the second largest

penalty imposed by the French

Competition Council, which has kept an otherwise low pro-file since its formation in 1986.

That has changed in recent months as it has published the

fruits of a painstaking campaign, initiated by the Finance Ministry, against attempts to rig public contracts. In November 1982 and 1982 a

ber, the Council fined 80 con-

struction companies a record

FFr166m for running an illegal cartel for road building goods. The Council has the power

to fine companies up to 5 per

cent of annual turnover for

breaking competition rules,

though it has never tried to apply that maximum.

The 43 companies fined include top names like Schnei-

Gloss begins to fade on the

institutional changes Poland must introduce to create smoothly functioning markets. The planned seminar will also take the first steps towards compiling an OECD survey of the Polish economy later this year. Such a survey - to be modelled on the OECD's annual surveys of its 24 industrial member states — has been requested by the Polish Government and several OECD governments, including

West Germany. Late last month the International Monetary Fund agreed an economic stabilisation package to deal with immediate

on electrical engineering cartel

der, the heavy electrical and

construction group, several of the subsidiaries of which have

been fined a total of FFr35.8m.

the biggest fine imposed by the

council on members of a single

CGE telecommunications and

heavy engineering group, is the next hardest hit with a fine

of FFr25m. L'Entreprise Indus-

trielle, a Paris-based construc-tion group, received a FFr15m fine, followed by Montesson-based Compagnie Générale de

Travaux et d'Installations,

The 16 experts who make up the Council found the cartel

members had exchanged infor-mation on the prices they planned to offer and decided

who should tender for around

15 major public contracts

They included a more than FFr100m contract to service

railway equipment for the

Paris metro authority, the

RATP (Regie Autonome des Transports Parisiens), and elec-

ween 1983 and 1987.

with FFr10m.

Cegelec, an offshoot of the

French agency imposes fines

problems of hyperinflation and the near bankruptcy of the Pol-ish economy.

The OECD mission will initi-

ate the next stage of Western degree and breadth of knowhelp for Poland by attempting to fill the gaps in both the West's knowledge and that of the Polish authorities on how to manage the unprecedented transformation of a commandbased Communist economy to one operating through market

A background paper produced by the OECD to help guide next week's discussions stresses that Poland is pursuing structural reform on a

trical installations at the Cen-

tre Georges Pompidou arts and

cultural centre and at the mas-

sive Musée National des Sci-ences et des Techniques de la

The RATP's head of works even decided that the first bid

offered by the cartel members

was unrealistically high and

asked them to reconsider, as a result of which the contractors

simply fixed up an alternative illicit accord, said the Council.

restrictive practices in public procurement and elsewhere,

Council officials denied there

had been a recent toughening in policy. Both this inquiry and

the construction investigation

came as a result of information lodged by the Finance Minister

in the previous right wing Gov-ernment, Mr Edouard Balladur.

playing its role of ensuring that companies observe the

rules of competition," said an

The Council is simply

While French competition law is responding to the EC's directives aimed at stopping

ledge that would truly required to address all the problems associated with such change" and that its analysis and suggestions "are presented with a significant measure of

humility

scale that "is ambitious and

without precedent."

It notes that the "OECD does

not have, and cannot have, the

It also advocated reform of the banking system as a priority instead of the Polish government's plans for rapid large-scale privatisation. Poland prepares to bring its economy to market, Page 2

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Chief price changes yesterday: Page 13

FFr5.83 (5.786) SFr1,5715 (1:5425) Y145.20 (143.80) New York: Comex Feb \$402.1 (405.1) \$ index 67.9 (67.3). US LUNCHTIME \$401 (same) Fed Funds 8½% R SEA OIL (Argus) Bront 15-day Feb yield: 7.80% Long Bond:

STOCK INDICES New York close FT-SE 100: DM1.713 (1.692) 2,434.1 (+11,4) FF(5.8525 (5.7805) FT Ordinary: SFr1.5815 (1.54325) 1,934,1 (+17.5) Y146.50 (143.965) FT-A All-Share: 1,210.92 (+0.5%) DM1.7085 (1.8915) New York close

> 2,810.15 (+56.95) S&P Comp. 354.87 (+1.47) Tokyo: closed LONDON MONEY 153% (154) Liffe long gilt luture:

DJ Ind. Av.

Mar 92 (4 (9233) MARKET REPORTS: CURRENCIES, Page 30, BONDS Page 18

Companie World Train

Caribbean trade initiative A preferential US

Page. 5

Rangooms Burma begins the countdown to free elections ... **Management:** Foreign investment — Brazilian hedge against volatility Editorial Comments Israel and the PLO; A cosy cartel in the milk trade ... West Germany's future: Uncertainty after a year of revolution .. Lex: Small companies; Lovell/Higgs; UK gilts; business rate

Bucharesti Romania's generations unite to

Technology: France makes a point of catching up in mobile phone race ... Figancial Futures . International bonds Intl. Capital Markets 31-33 27-29 _ 21 24-27 Unit Trusts

CONTENTS

trade programme for Caribbean countries gave the region new hope six years ago. Now leaders there are not so sure. John Compton (left), Premier of St Lucia. admits: "Perhaps we expected too much".

revive political life

EUROPEAN NEWS

Poland prepares to bring its economy to market

Peter Norman reports on the OECD's assessment of the country ahead of talks next week in Warsaw

irst the belt tightening. Now the structural reform. After agreeing a tough eco-nomic stabilisation plan with the International Monetary Fund at the end of last year, Poland next week holds talks with senior officials from the Organisation for Economic Co-operation and Development on detailed aspects of the unprecedented task of moving to a market-based economy.

In an initial assessment of the "Polish problematique", that has been prepared for next week's discussions in Warsaw, the OECD says the poor per-formance of the Polish economy can

be traced to two main causes that The problems of low living standards, near hyper-inflation, a large public sector deficit and high foreign indebtedness with the West reflect a "systemic tendency for factors of production to be used inefficiently, with investment in particular yielding low levels of output." In addition, the OECD diagnoses "a loss of macro-economic control, affecting both monetary and fiscal policy and consequently wage developments' especially over the past two years.

The macro-economic problems facing Poland will be tackled largely in

the programme agreed with the IMF. Among the OECD's main goals are helping the Polish Government establish truely competitive conditions and encouraging better resource allocation and utilisation.

The structure of prices in Poland and the system of incentives for busi-The structure of prices in Poland and the system of incentives for business are fundamental problems. In mends, the OECD said.

Because next week's meeting is intended to establish a hasis for rate for the zloty may be "initially".

Poland's case, the OECD says, businesses have not been subject to binding financial constraint. Businesses' demands for inputs "have been virtually insatiable" and productivity has

been low. Western economists have long regarded the lack of a realistic price structure based on market determined costs as a prime weakness of the East European economies. A key require-ment in the Polish economy "is fully to liberalise all the major prices." But, the OECD says, "this is only a begin ning."
"Many markets, inter alia for prod-

ucts, housing, labour and finance, have to develop and become progres-sively more sophisticated, requiring an appropriate legislative framework in which to operate," it says. "In addi-tion, workers and managers will need to acquire the requisite motivations and skills to enable them to make the new markets function satisfactorily." This amounts to a programme of social rather than economic change. The OECD acknowledges that its guidance may be of limited value because its experience relates to structural changes within market based economies rather than to economies moving from one system to another. Success in solving Poland's problems will depend as much on the Warsaw authorities' determination and capacity to carry through neces-sary reforms as on the design of any policy programmes that it recom-mends, the OECD said.

mutual understanding between the OECD and Poland, the Paris-based body is cautious about making detailed policy recommendations. However, the OECD paper.

says an incomes policy (one already forms part of the IMF programme for Poland) is probably "essential" in the short run for successful structural reform and re-estab-

cessful structural reform and re-estab-

A key requirement in the Polish economy 'is to fully liberalise all the major prices.' But, the OECD says, 'this is only a beginning'

lishing confidence in Poland's credit worthiness. In the longer term it warns that incomes policies are no substitute for sound fiscal and mone-

 doubts whether the Polish authorities can rely entirely on high real interest rates to control demand, partly because of the "near absence" of consumer credit markets such as those in the West. With some reluctance, it advocates a system of credit-ceilings even though these can discriminate against business start-ups.

destabilising" while the Warsaw Government's plans to put Poland's trade with the Comecon countries on a hard currency basis "may create difficul-ties in the short term."

The OECD report says a number of conditions in addition to realistic pricing need to be met before a market based economy can be established in

It says decision-making must be decentralised and the most efficient and innovative companies must be allowed to capture their fair share of profits. The creation and maintainance of competitive conditions is mos important, it says, because this would ensure greater production of the most profitable goods by the expansion of existing businesses and the entry of new ones into given markets. Changes, which do not impede market forces all he needed in Polesia (loss forces, will be needed in Poland's leg-islative and regulatory framework. In particular, it says companies should be subject to binding budget constraints that will compel them to

rely on good management to survive.
"This implies the real possibility of bankruptcy for unprofitable con-

cerns," it says.

It calls for a "market in management" with managers rewarded for high profits and penalised for poor results "to the extent perhaps of losing their jobs." As part of a new competition policy, Poland should set up an anti-monop-oly agency with effective powers to

"investigate, prosecute and remedy violations."

It believes Poland needs rules to

cover labour markets. These should tackle issues such as hiring and fir-ing, strikes and lockouts, arbitration and conciliation and the question of centralised versus decentralised bar-gaining systems. It warns that collec-tive bargaining cannot define employment levels

ment levels.

The OECD says such policies would entail "the risk, indeed the likelihood, of transitory unemployment" and indeed the Polish Government already expects up to 400,000 jobless as a result of its reforms.

The OECD report hints that wide ranging changes will be needed in

ranging changes will be needed in housing, agriculture and financial markets.

It notes that existing Polish reforms have attached importance to creating a stock exchange to facilitate privati-sation. However, the OECD warns sation. However, the OECD warms
that setting up an efficient stock
exchange takes time and suggested
that immediate steps should instead
focus on reform of the banking sys-

Privatisation by itself, it says, is not generally sufficient to increase eco-nomic efficiency. "It can succeed only if privatised enterprises are operating within competitive market struc-

The OECD advocates tax reform, saying it should concentrate on removing obstacles to productive investment and providing incentives to encourage development of the private sector. The tax system should also be changed to encourage foreign investment in Poland and improve tax

Azerbaijan unrest spills over into riots on border with Iran

By Quentin Peel in Moscow

A WAVE of nationalist unrest sweeping the Soviet republic of Azerbaijan has spilled over into riots along the border with neighbouring Iran, according to official reports reaching

Moscow.
Tass, the government news agency, said last night that crowds had attacked border crowds had attacked border posts along some 85 miles of the closely guarded frontier, burning or destroying engineering depots, communication lines and signalling equipment, and attempting to set fire to the border posts themselves. The latest dramatic report, referring to "unprecedented barbaric actions to destabilise the situation on the border followed a clash in the Armenian-inhabited enclave of Nagorno-Karabakh, where one man died and three were

man died and three were injured when police cadets opened fire to protect an Azza-

batjani convoy. In a third area of the republic, the town of Djalilabad near the Caspian Sea was yesterday reported to be still in the controi of a "people's committee" after angry crowds drove the Communist Party leadership, and police forces, out of the area last week.

The extraordinary series of events was finally given news coverage on Soviet television last night, with a brief report on the border clashes in the region of Nakhichevan, an Azerbaijani enclave wedged between Armenia and Iran, south-east of Mount Ararat. No explanation has been given for the riots, except to

blame them on "extremists" and "irresponsible elements who hope to aggravate the already tense situation in the

and drop to number four in the

rankings behind West Ger-

many.
The Treasury said yesterday that Britain had proposed to

cut its IMF quota, or member-ship subscription, to just over 6 per cent from 6.87 per cent in

the course of a forthcoming

general increase in the Fund's

resources from their current

Britain may move

By Peter Norman, Economics Correspondent

down IMF ranking

republic and Transcaucasia as a whole."

With Azeri people living on both sides of the Soviet-Iranian border, suggestions that the rioters were trying to attack Iran seem unlikely. However the Tass report suggested that they may have been attempting deliberately to provoke a violent reaction by the Soviet border guards. One possible reason might be to drag a syn-

reason might be to drag a sympathetic Iran into the gather-

ing nationalist conflict in the

The Nakhichevan incidents have continued since December 31, two days after mobs "went on the rampage" in Djalilabad, on the far side of the republic according to the news agency. The crowd routed the officers of the local militia department and the party district committee," the Azerbai-jan Interior Ministry confirmed

yesterday.
Mescow Radio's news service reported yesterday that the "people's committee" was still

"people's committee" was still in control of the town, although road blocks had been dismantled.

Then yesterday, a convoy of Azerbaijani passengers travelling through the disputed mountainous district of Karabakh was attacked by a crowd anneal with stones and guns. Police cadets guarding the convoy opened fire, killing one and wounding three others. Three buses were damaged and an army vehicle burned, Tass reported last night.

reported last night.

The entire enclave is being blockaded by Azerbaijani workers, because of the demand of its Armenian inhab-itants to be transferred to the rule of neighbouring Armenia.

Bonn expects 350,000 East bloc immigrants this year

By David Goodhart in Bonn

West German Government this year expects 350,000 immigrants from East bloc countries, excluding East Germany, roughly as many as in 1989. But poll evidence suggests West Germans are becoming less tolerant of immigrants from East Germany - a group numbering about 350,000

The West German Government estimates that the 700,000 immigrants from East Germany and the other East bloc countries contributed an extra 0.5 per cent to 1989's 4 per cent categories now total 240,000.

growth rate. But attention is increasingly focusing on the social problems their arrival helps create in West Germany. Mr Heinrich Franke, Federal Labour Office chief, said yesterday that West Germany's 2m-plus jobless figure is unlikely to fall much before the mid-1990s, in part owing to the rising number of immi-grants. East Germans are gen-erally better qualified than Germans arriving from elsewhere in the East bloc, but those without jobs from both

It is difficult to predict the number of East Germans who will take up their rights to West German citizenship this year, an automatic right under the German constitution. Despite the democratic upheavals of recent months, the flow of East Germans into West Germany was still running at about 2,000 a day until the end of last year. That number is expected to fall, but formal establishment of a democracy is unlikely to stop the flow The East German immi-

grants are likely to become increasingly unpopular in both German states. A Der Spiegel poll states that a slim majority of East Germans have no sympathy for those now leaving their country and a slightly larger majority of West Germans want the numbers cut.

A shift from reunification

hopes to anxiety about social problems should benefit the Social Democrats, but they scored only 37 per cent in the latest political poll, with the CDUCSU on 40 per cent CDU/CSU on 40 per cent. Two old political themes have revived over the end-ofyear holiday: whether the Bavarian Christian Social Union might break away from its sister-party, the Christian Democrats, and become a national party, and how far West German politicians can

go in accepting the current Pol-ish-German border.
On this point, the debate was this time led by Mr Rita Sussmuth, the liberal Christian Democrat and Bundestag president, who suggested the two German states should together confirm the existing Polish

border prior to any formal peace treaty being signed. Mr Helmut Kohl, the Chancellor, rejected the call.

● SC officials are becoming increasingly worried about the post-1992 implications of East Germany's right to deliver goods duty-free into West Ger-many, the Frankfurter Rundschan newspaper says. They fear that after 1992, this will give East Germany illicit access to the whole EC. The paper says Brussels and Bonn will hold talks in the next few days.

Entire Romanian politburo under arrest

THE NEW Romanian Government said yesterday the entire Communist party politburo was in detention, agen-cies report from Bucharest. The Foreign Ministry spokes-man, Mr Constantin Girbea, who made the announcement said: "I estimate there are about 60 . . . all close colleagues of Ceausescu . . . All evildoers from the old regime. will be brought to justice." He also promised that judg-ment would follow for "all ment would follow for "all agency reported Mr Girbea as members of the Ceausescu saying the couple were "proba-

family," but said the Defence Ministry would announce further details of punishmen The deposed dictator Nicolae Ceausescu and his wife Elena. formerly the country's second most powerful person, were summarily tried and executed on Christmas Day on charges of genocide and other grave crimes. Where and whether they have been buried has not been officially disclosed. But

bly buried on the spot."

● The Deputy Foreign Minister in the new Government died of a stroke in Bucharest late on Monday.

Mr Corneliu Bogdan, 68, was born into a Jewish family in Bucharest and served as ambassador in the US from 1969 to 1977. He returned to Bucharest and, after a period out of Government, was named to a post in the Foreign Minis-Yugoslavia's Tanjug news try giving him authority over Western hemisphere relations.

Hoge, who lives in Washington, said that there had been friction between her father and the Ceausescu government and that Mr Bogdan was forced to leave the ministry and live under virtual house arrest. ■ The death toll in last month's uprising may have been only a fraction of the official estimate of 60,000, accordof Red Cross and Red Crescent Societies. Mr Par Stenback said that 5,000-10,000 would be more



Generations come together to revive political life Judy Dempsey reports from Bucharest on freedom's chaotic rebirth in Romania

which had lost every-thing and a generation with nothing to lose since their birth a quarter of a century ago, yesterday rubbed shoulders as they both sought to revive political life in Romania. The setting was an old house, which until the revolution was the Communist party branch responsible for ideological and educational activities

in Sector 3 of Bucharest. The scene was one of absolute chaos. As the slogans of Mr Nicolae Ceausescu, emblazoned across plastic posters on the walls and extolling the virtues of "theoretical and ideological activity", were waiting to be torn down, veterans from the old National Peasants Party, one of the largest of the inter-war parties, and youths, thrashed out their political pro-

Each wanted to speak. Each had a story to tell. Each man, who had been muzzled for half a century, and youths who had been silenced since birth tried to explain what they wanted to do with their new freedom. First to speak was Mr Grigor Brancusi, the nephew of Con-stantine Brancusi, Romania's greatest sculptor who died in

exile in Paris in 1956. A man of 79, who had had no chance to speak in a foreign language for the best part of

N OLDER generation four decades, described in halt-ing French his early days in thing and a generation the Peasants Party. "I was working in Bucharest

before the Communists seized power after the Second World War. Then, I went into the mountains to fight them. I was caught and sent to jail for 13 years. Now, after those terrible years I hope that the Roma-nians will understand that it is necessary to start a completely new life." His colleagues and friends,

many of them dressed in thick

black overcoats, each donning an Astrakhan hat, recounted their own experiences. One common theme bound them.

They had all been supporters of Mr Iuliu Maniu, the Peasants Party leader, who was sentenced by the Communists in 1947 to life imprisonment where he died. Each had been imprisoned. Some had been sent to the notorious giant labour camps on the Danube-Black Sea Canal where many of their friends died. Others had been sent to the Bijo Sprie mines in Transylvania. No sooner had they been released in the early 1960s, than they had again been subjected to another tyranny: this time, the

But now, in an extraordinar display of energy, the National Peasants Party has been For the moment, it supports the National Salvation Front which was set up on December 21, the night of the revolution. But these old, wise men insist that they will not be outmaneouved by the Front.

"We want television time, too," they said. "We do not want the Front to monopolise the political agenda. We want to explain our programme. We want private property for the peasants, and democracy; com-pensation for the thousands of political prisoners and justice."
They have no idea about how
to organise the membership, which numbered some 2m before it was banned by the Communists in 1947. It is understandable given the destruction of all political life since the Second World War.

machies, no newspapers, no structures for the dissemination of information. But we will start to set up networks throughout the country. But now, as you see, we're only beginning to find our voice again", said Mr Ion Lup, who was formerly secretary of the workers' branch of the party in Bucharest.
Hovering in the background

was a group of young people who have already set up a movement called the Christian Democratic Youth which is under the umbrella of the reconstituted Peasants Party.
"If the National Salvation Front does not deliver the goods which they promised, then we will take to the streets again" said Ion Radou, a 25year-old philosophy student. The aspirations of these young people are striking. Bread alone will not satisfy

them. What they want is the spiritual rejuvenation of Romanian society.

"Even if we are given bread or money, it is not enough", said Ion, who two months ago, wrote to Radio Free Europe criticising the Ceausescu regime. Thereafter, he was interrogated. Two days before the revolution, the Securitate picked him up and detained

him until December 21.

on and his fellow students had no fear of the Securi-tate. "If we had, we would never have confronted them during the revolution. You must understand, we had nothing to lose. We were willing to be sacrificed because the situation had become unbearable." The events sweeping through Eastern Europe had not inspired them. "We were alone when we knew that Gorbachev would not oust Ceau-sescu. But it was the Soviets

Front rejected Soviet assistance this time. After all, this is our revolution."

That aside, but only for a short time, this movement will give the National Salvation Front a chance to make the painful transition from a totalitarian regime to a democratic But Ion and his young friends are adamant that "we

will fight for real democracy. We have lost too much blood for this freedom. If necessary, if the Front does not give us television time we will buy that time in order to explain our programme. Their programme contains strong spiritual/Christian ele-

ments and thus has no equivalent with its counterparts in Eastern Europe. This is because what has taken place in Romania over the past fortnight is unique.

The revolution toppled a totalitarian system. The young people yesterday tried to explain how this system instilled fear on a scale diffi-

cult for outsiders to grasp.
It was, they added, a system which degraded and set out to humiliate a society. The task now of these grandparents and grandchildren as they gathered sescu. But it was the Soviets who brought communism to make Romania a decent, civicur country and by force. It was a good thing that the security's next generation.

output hit by amnesty

SKODA, the Czechoslovak motor manufacturer, has had to halt almost all production at a plant near Prague because it prison amnesty, Mr Petr Miller, the Minister for Labour and

Welfare, said yesterday, Reuter reports.

President Vaclav Havel, who spent five years in prison for his human rights activities, announced the amnesty on Monday in which over 20,000 prisoners are expected to be released. Many heavy industry jobs have traditionally been done by prison inmates.

"Car production at Skoda's

"Car production at Skoda's Mada Bolesav plant has come to a near-standstill because they lack bodies," Mr Miller said on television. The working group would look for long-term solutions but state-owned Skoda "will need quick, tempo-rary solutions".

Greeks ease travel

Greek tourists, whose travels are limited by tough foreign exchange controls, may now take the equivalent of Ecui,000 (£730) when holidaying in other EC countries, Reuter reports from Athens. This is an increase from Ecu840 and is effective immediately, Bank of Greece officials said.

Spanish strike

Coalminers in Spain's northern Asturias region went on their second 24-hour strike in a week yesterday to demand safer working conditions after the death toll in the country's mines reached 26 in 1989, unions told Reuter in

Airline for sale Hungary's reform-minded Government plans to privatise the Maley state airline, Mr Sandor Kalnoki Kiss, the Deputy Transport Minister, said yes-terday, Reuter reports from Budapest.

Skoda car

has lost all its workers in a

level of 90bn Special Drawing It is understood that the British plan, which could end a long standing wrangle among the Group of Seven leading industrial countries over the pecking order, has been outlined to the IMF board. The other leading members are now believed to be studying

The British proposal envis-ages Japan increasing its quota share from the present 4.69 per cent by virtue of a special increase in its IMF subscrip-tion and so moving up from number five position.

West Germany, which currently has a 6 per cent quota share would increase its stake

HRITAIN is prepared to cede its position as the second bigslightly in the course of the general quota increase to stay ahead of Britain at number gest member of the Interna-tional Monetary Fund to Japan three.

It is unclear whether the British proposal touches on the French ranking. France at present occupies fourth posi-tion with a 4.97 per cent quota share and was thought to be reinctaint to move down to fifth position to make room for the UK at number four.

British Treasury officials said yesterday that one reason Britain had decided to reduce to allow the developing countries to maintain their present position in the Fund vis-a-vis

the G-7 nations.

The cession of the number two position to Japan was accepted in principle last year by Mr Nigel Lawson, the for-mer British Chancellor of the

Exchequer. However, the decision to accept a lower position than West Germany appears to have been made by Mr John Major, the present Chancellor, after several meetings in November and December of the senior finance ministry officials who comprise the G-7 deputies

E German Communists plan a clean sweep

Communist Party served notice yesterday that it was dismissing large numbers of staff, sweeping away special privileges and reorganising its entire structure because of an urgent need to economise Region. entire structure because of an urgent need to economise, Reuter reports from East Berlin. In an interview published in the party newspaper, Neues Deutschland, Mr Lothar Bisky, a Central Committee member, said senior Communists would cut their pay, give up private Western cars and end personal use of official country houses. The polithuro would lose its special dining room and eat in a canteen with other party a canteen with other party members. "We are simply forced... to think more economically," Mr Bisky said. "This is an inevitable consequence of the division of party and state."

The party had abolished several senior posts and replaced them with nine committees in charge of policy and day-to-day running of the party. Large numbers of staff who Large numbers of staff who propped up the old party structure had been dismissed. he said, without specifying how many. "They have . . . nothing more in common with the present party apparatus, neither for their large numbers nor in their working methods." Their last task before being dismissed would be to go to the dismissed would be to go to the provinces to oversee the very transformation of the party structure that was putting them out of a job.

Mr Bisky said top party officials, including Mr Gregor Gyal, the new leader, would take a pay cut of Marks 1,000 (£370 at the official rate) a month.

Turks returning to Bulgaria 'able to reclaim jobs and property'

By Jim Bodgener in Ankara

ANY ethnic Turkish emigres returning to Bulgaria from Turkey will be able to reclaim their jobs and property, the Bulgarian consulate in Istanbul announced yesterday.

The move follows the Bulgarian Communist Party's decision last Friday to grant religious rights to the country's ethnic Turks, said the

Bulgarian consul, Mr Slavi Sla-Mr Slavov also said the new Bulgarlan government would declare an amnesty soon for those imprisoned for other than terrorist crimes. He did

not elaborate. About 320,000 ethnic Turks from Bulgaria's 1.5m strong minority crossed into Turkey last summer, driven out by a forced assimilation campaign of the former regime of Mr Todor Zhivkov. The campaign included strin-gent curbs on ethnic and reli-

gious rights and the forced change of their Moslem names. Turkey successfully staunched the flow at the end of August by introducing new visa requirements, fearing that the emigres might swamp available housing, infrastruc-

ture and employment.

About 90,000 ethnic Turks returned voluntarily to Bulreturned voluntarily to Bul-garla while Mr Zhivkov was still in power. But the daily flow homeward of around 1,000 has not increased since last week, and around 80 immi-grants a day are still arriving at the Turkish borders with entry visas, according to a Turkish foreign ministry. entry visas, according to a Turkish foreign ministry spokesman yesterday.

Reuter adds from Kurdzhali: Angry Bulgarians chanting anti-Turkish songs dating back to Ottoman rule of the Balkan country demonstrated in the

yesterday against the decision to grant religious rights to grant religious rights to cultural rights to ethnic Turks.

About 10,000 Bulgarians staged a similar protest on Monday in Kurdzhali, 250km south of Sofia, and about 60 Bulgarians in 120 cars have about 1,000 Bulgarians and ethnic Turks apart at the protest
outside Communist Party
headquarters. Shouts of "Bulgaria, Bulgaria" and "No to
Turkish slavery" were
answered with: "Give us our
names back. We want our
rights."
Turks in the ground contents

Turks in the crowd outnumbered the Bulgarians, who are angry at a decision by the country's new Communist

Bulgarians in 120 cars have since been seen driving to Sofia, where they plan to lay siege to the National Assembly building. Local Communist authorities in Englished in a prodominantly

in Kurdzhali, a predominantly Turkish town of 50,000 people, decided on Saturday to defy the ruling Central Committee's decision to overturn the previous leadership's policy of inces of the country who

forced assimilation of ethnic The Bulgarians, who said they were not consulted about the decision, demanded a national referendum to decide the fate of the country's 1.5m ethnic Turks, many of whom live in this mountain region close to the border with Turks.

Cars heading for the planned protest in Sofia drove with headlights on and carried Bulgarian banners. Participants said they would be joined by Bulgarians from other provoppose the Communist Party policy.

They said they would remain in Sofia until the government accepted a petition they planned to hand over. The new Communist leader-

ship of Petar Mladenov, con-cerned at the damage to Bulgaria's image from its past policy of forced assimilation of ethnic Turks, ruled last week that ethnic Turks and the 200,000 Bulgarian Moslems would be allowed religious freedom and the right to use their Moslem names.

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Argentina enters 1990 with cycle of hyper-inflation

THE Argentine economy is ment External Bonds. checking the austral currency's decline against the dollar, which led to precipitous price rises and consumer shortages over the new year weekend. Yesterday was declared a banking boliday.

The Minister's plan surprised analysts with its measures intended to force companies and investors into selling dollars and buying australs. His tactic is to limit to aus-

trals 1m (\$430) the amount which investors in fixed term depotits can withdraw in cash, while at the same time promis ing strict collection of taxes and other debts to the state, which have hitherto been lim-

ply enforced.
The theory goes that, in order to raise funds to meet such obligations to the state, investors will either have to sell dollars or accept repay-

entering 1990 in a new cycle of The former method would in the cabinet. hyper-inflation. In an effort to fortify the austral, while the calm nerves. Mr Antonio latter would avoid the need to Erman Gonzalez, the Economy kprint money to meet interest Minister, announced a new payments. Either way, the package of measures aimed at strategy is to check inflation which in December reached

simost 100 per cent.
Mr Gonzalez' amouncement came after merchants throughout the country were marking up prices over the three day new year week end. The chaotic prices and wide-

spread shortages of food, phar-maceutical products and petrol were prompted by rumours that the government was planning to devalue the austral from its rate of 1.950 per dollar on Friday to 4.000 per dollar yesterday.

This was seen to be part of a programme to "dollarise" the

economy, and hence achieve stability by linking the curren-cies to the dollar. The rumour has been gather-

ing strength throughout last union movement week and press reports indicate that a dollarisation plan talist brand of Peronism statist brand of Peronism statistics brand of Pero

failed to win political support

When Argentina's president

state spending. In the shorter term, the gov-

low of five per cent in October.
However wage pressure from a trade union movement disillusioned with president Menem's non traditinal, capi-

Comeback for US machine tools

By Nancy Dunne in Washington

THE US machine tool industry has been slowly recovering since the Reagan Administra-tion in 1987 instituted "voluntary" import quotas, fearing US manufacturers were becoming too reliant on foreign producers.

The five-year Voluntary Restraint Agreements (VRAs) machine toolmaker to have given US-owned compa-announce plans for a US nies time to recover from four years' losses, while encouraging Japanese companies totransplant manufacturing to the US, Mr Jim Mack, for the National Machine Tool Build-

ers Association, said. The VRAs were established with Japan and Taiwan, but the US strengthened protection by warning other countries that more imports would acted

So far, the tactic has blocked surges. Imports have been cut in four key areas — machining centres, lathes, punching machines and milling

have been forced to curb their a better understanding of the exports, they have adjusted by moving production to the US market, and is eligible for US defence orders. It is by no means clear that

or expanding facilities there. One Japanese subsidiary, Mazak, recently doubled investment in its US plant, and m December became the first US subsidiary of a Japanese research and development

"We not happy with VRAs," said Mr Teruyuki Yamazaki, chairman of Yamazaki Mazak Corporation. "But, we have not been much harmed."

Mazak opened its first US office in 1968 and began building a plant in Kentucky six years later. VRAs have forced the company to locate more of the company to locate more of its production in the US, but it has benefited from a US pres-

It has found US workers more "enthusiastic" than their achines and milling Japanese counterparts, but achines.

While foreign toolmakers nearer to its customers, if has

Carlos Menem took office, five months ahead of schedule on July 8, the country was in the grip of hyper-inflation which in that month reached nearly 200

The new administration amnounced a strategy to tackle the crisis on two fronts. First, a long term programme of state reforms, based on selling off inefficient and bankrupt state firms, eliminating widespread tax evasion and cutting

ernment undertook a stabilisation programme based on a wage and price freeze and a fixed exchange rate.
For the first three to four months, this formula held and

brought inflation down to a talist brand of Peronism struck at the heart of the stabilisation

the five years of protection will suffice to save US machine-tool

companies. The industry still

suffers from high-cost capital, scarce export financing, and strict export controls. It has

improved its products, but a

survey by the Society of Manufacturing Engineers found that US manufacturers continue to

rate foreign-built machine

tools more highly.
"The US producers have gained market share," said Mr Mack, "but there is still strong

price competition so that profit levels are not where they should be." He would not rule

out asking for VRAs to be

extended. The curbs were

imposed to ensure continua-

tion of an indigenous machine-

tool industry. "The ownership

is less important than where it

is located, as long it is real

manufacturing capability, not a screwdriver plant."

gi**alt**ourable in en

Smoke in cockpit

Cocaine

seized from

Colombian

COCAINE worth \$4.2m was

stashed in two waterproof

tubes attached to the outside of

a Colombian ship's hull, according to police who seized the drug and arrested four men

in diving gear, AP reports from Jacksonville, Florida.

suits appeared at a nearby boat

ramp apparently to retrieve the 265 pound (120kg) cache, and were arrested on drug traf-

Military cargo arrives

American soldiers yesterday

began removing about 1,000

pieces of military hardware sent by ship from the US for use in forthcoming exercises in

Germany. US General John Galvin, the

top military commander in Europe for the North Atlantic Treaty Organisation, reiterated

that the allies still needed to

maintain a strong defence despite the easing of East-West

ficking charges.

Four Colombians in diving

ship's hull

An American Airlines DC-10 made an emergency landing at Baltimore-Washington Airport yesterday after the pilot reported smoke in the cockpit, officials said. Nine passengers were injured in the evacuation.

Garcia resigns

Congressman Robert Garcia, awaiting sentencing this tion in the Wedtech scandal, announced yesterday that he was resigning his seat in Con-

Garcia, 56, and his wife, Jane Lee Garcia, 48, were convicted last October of extorting \$178,500 in cash, loans and jewellery from Wedtech, a now-defunct defence contractor. They could face up to 45 years in prison and \$750,000 in fines.

US designer dies

Patrick Kelly, the only American ever to be a member of France's powerful Chambre Syndicale of Ready-to-Wear and Couture, the French professional fashion organisation, has died, his company announced yesterday.

Pain and gain from adjustment

Canute James examines Guyana's problematical economy

≺ UYANA, overtaken by stagnation and late off the mark, is the acid test of the viability of structural adjustment in the Carib-bean region. "If it works here," said a local businessman of the programme announced by the government in April, "then it will work anywhere.'

The collapse of the Guyanese economy meant that the measures needed to adjust it have been more drastic than in other countries in the region, and the public reaction more

bitter. It was a fear of such a reac-tion, which included a six-week strike in the main economic sectors, that caused the gov-erament to hesitate in implementing such a programme.

Having eventually accepted - in the words of Mr Carl Greenidge, Finance Minister that there was no alternative, more austere measures were needed to deal with deeper problems. "It may well be that there are many risks involved in this path we have chosen to pursue," he said, introducing the structural adjustment measures. "However, we are cer-tain to be the losers if we do not try."

The country's economy, based on sugar and rice production, and on bauxite mining, has been declining for the past eight years, and con-tracted by 3 per cent last year. Efforts to improve productivity and production in the main sectors have been unsuccessful, and export earnings have been far below levels needed to finance imports and service the foreign debt of \$1.7bn, of which

\$1.2bn represents arrears. The late President Forbes Burnham rejected conditions which would have been part of an IMF credit package in the early 1980s, thinking the social

and political cost too high. The deterioration in the economy continued as the government of President Desmond Hoyte, who succeeded Burn-ham, failed to raise new funds from foreign creditors. Commercial and bilateral lenders refused to consider refinance suggestions until an IMF pact were agreed, and the government found it increasingly difficult to finance its outstand-ing debts. Clearing the arrears would have demanded about six times last year's total for-eign earnings. The IMF, which was not being repaid for earlier



structural adjustment

loans at the rate agreed, said Guyana was ineligible for further financial assistance. In reversing its policy and mending fences with the fund,

the government was aware of the likely social and political consequences but had reached the stage a year ago where it could see no viable alternative. Mr Hoyte admitted he expected some degree of industrial unrest because of the structural adjustment measures, but that the economy could not recover "without some pain." At the heart of the measures

was a 70 per cent currency devaluation, which took the Guyana dollar to 33 to the US dollar. This was still below the rate of G\$55 to the dollar on the busy parallel market, but the devaluation was accompanied by an increase in interest rates, with the bank rate set at 35 per cent. The intention was to reduce liquidity by soaking up money which was fuelling the parallel market. With money more expensive, and an overnight increase in prices of between 200 per cent and 300 per cent, currency traders



Hoyte: Unrest expected

found fewer clients. The economic dislocation suffered by Guyanese resulted in the strikes, which crippled the bauxite and sugar sectors, threatening to abort any early benefits which the government was expecting from the struc-tural adjustment programme. Performance targets agreed

with the IMF were endangered as the government's offer of a 20 per cent wage increase failed to placate unions and workers. The programme aims at

nothing less than the radical adjustment of Guyana's economy and the lifting of its pro-ductive capacity," said Mr Greenidge. It aims to establish the basis for real economic growth, improve the fiscal accounts through deficit reduc-tion, to improve exports and reduce the balance of payments deficit. The targets include 4 per

cent GDP growth a year.

curbed inflation (which will be difficult this year because of the price increases), incorporation of the parallel market to the official economy, and elimination of arrears on foreign obligations.

There are already signs that foreign creditors are becoming less reluctant since the agreement with the fund. The government has been negotiating with the Paris Club of creditors and has organised financial support from a group of donor

countries. Even so, Guyana is discovering that mere willingness to swallow the medicine is not enough. Six months after implementing the programme, Mr Greenidge said, the country had not received the bilateral support which it had been led to expect. There had been little response from the group of countries which had pledged

support, he said. "The programme was intended to deliver US\$229m in 1989, but \$180m of this was for clearing arrears," the minister said. "Of the remainder, \$26m was earmarked for current payments to multilateral institutions. We have got no cash from the IMF or the World Bank." All discussions on likely alternatives have con-cluded that the government, by delaying, had painted itself into a corner. "The Guyana economy cannot, by any stretch of the imagination, be characterised as in balance, said Mr Greenidge.

This is the last article in a series on structural adjustment in the Caribbean. Previous articles appeared on October 5 and 13, and November 9.

Guyana Current account deficit (US\$m) Guyana \$ against the US\$ (G\$/US\$) Education spending as % of GDP 1.2 1.0 0.8 0.6 ∷

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OVERSEAS NEWS

Weizman compromise leaves Shamir hard line intact |Salvage company

A POLITICAL crisis that briefly threatened to topple Israel's fractious coalition Government dissolved vesterday when the Likud and Labour parties reached a compromise in their row over a Labour minister's contacts with the Palestine Liberation Organisa-

The row erupted on Sunday when Mr Yitzhak Shamir, the hardline Likud Prime Minister, sacked Mr Ezer Weizman, the Labour Science Minister who freely acknowledged having held indirect discussions with the PLO, contrary to official government policy.

Yesterday morning, Mr Shamir instead accepted Mr Weizman's resignation from the inner cabinet, the top ministerial echelon, and an undertaking to cease contacts with the PLO, allowing the Labour Party to back down from its threat to leave the coalition if the Prime Minister did not withdraw Mr Weizman's dis-

Mr Weizman, a former Likud Defence Minister but now one of Labour's foremost "doves", keeps his portfolio and remains in the Government as a junior minister. But Mr Shamir's aides insisted that the outcome strongly favoured the Prime Minister and Likud.
They said Mr Shamir had

succeeded in his main purpose of ending what they called "anarchy" within the Govern-ment in which Mr Weizman ment in which Mr Weizman had clearly defied Government policy by talking to the PLO. More significantly, Mr Shamir had sent a clear message that he would not bend in his refusal to negotiate in any form with the PLO.

This was timely because Mr Shamir is under some pressure.

Shamir is under some pressure from the US and Labour to accept a US formula for Israe-li-Palestinian peace talks to be held under Egyptian auspices which Likud suspects would amount to thinly veiled negotiations with the PLO.

The Weizman incident had clarified Mr Shamir's position "not necessarily to the US, but to Egypt, the PLO and some elements in this country," said Mr Yossi Ahimeir, head of the premier's private office, who acknowledged that Israel had yet to receive a satisfactory response from Washington on its request for assurances that the US plan would not involve

Mr Shamir's camp was also pleased that he had not had to sacrifice the coalition to make his point and, not for the first time, had been seen to have called Labour's bluff. "It is clear who is the king in his kingdom," said Mr Ahimeir. The key figure in arranging the compromise was Mr Yit-zhak Rabin, the Labour Defence Minister, who again asserted his role as the party's chief playmaker in the Govern-ment to the evident discomfiture of Mr Shimon Peres, the Finance Minister and party

Mr Rabin, determined that Labour should stay in harness with Likud as long as there is any prospect of progress in the peace process, apparently made it clear to the rest of the party that his supporters would not back Mr Weizman. They feared Labour would be portrayed as supporting negoti-ations with the PLO which is not party policy - although many Labour members do support such a step.

Mr Rabin suggested the resignation option to Mr Weizman instead. "I won't say he wasn't advised, but in the end it was his decision and I bless him for it." Mr Rabin said.

Mr Peres, aware that his already weak electoral position

would be much worse without

the backing of the popular Mr Rabin, was left saying merely that he had agreed to the com-Editorial Comment, Page 10



Ezer Weizman speaking with reporters yesterday after his meeting with Mr Shamir

Move reinforces Palestinian pessimism about peace process

By Lamis Andoni in Amman

THE DECISION by Mr Yitzhak Shamir, the Israeli Prime Minister, to demote Mr Ezer Weizman for contacting the Palestine Liberation Organi-sation has reinforced Palestinian pessimism about the peace pro-

Above all it has confirmed PLO suspicions that Mr Shamir does not want an Israeli-Palestinian dialogue to take place. "Shamir is backing down from the idea," says one senior PLO official. "He is actually trying to

obstruct such a dialogue."
PLO officials argue that Mr Shamir realises it will be virtually impossible to organise the planned Palestinian-

Israeli dialogue in Cairo without the PLO. The Israeli Prime Minister, they say, has therefore decided to prevent high-level Israeli contacts with the

organisation.

According to a five-point plan put forward by Mr James Baker, US Secretary of State, the foreign ministers of Israel, Egypt and the US are supposed to meet this month to organise the Cairo dialogue.

There now seems to be a stalemate for while Israel refuses any BLO.

for, while Israel refuses any PLO involvement in the dialogue – which it prefers to be confined to Palestinians from the occupied West Bank and Gaza Strip - the PLO insists on publicly naming the Palestinian dele-

In the eyes of the PLO, however, the US bears much of the blame for

impeding the peace process.
"The US attitude in insisting on an indirect and invisible role for the PLO in the dialogue is encouraging Shamir to persist in refusing to deal with the PLO," says Mr Abdullah Hourani, a PLO Executive Committee member. PLO officials say that the US has backtracked on maintaining a direct US-PLO negotiation channel via the US ambassador in Tunis by forcing the organisation to direct its

tian Government. The apparent shift in the American attitude has dampened Palestinian expectations that the US-PLO dialogue, which started in December 1988, would lead to official US recognition of the PLO as the legitimate representative of the Palestinian peo-

According to PLO officials, the real dialogue with the US has been stopped since August last year when the fourth round of talks in Tunis took place with Mr Robert Pelletreau, the US ambassador. Mr Pelletreau's role, they say, has been reduced to

"At the begining Pelletreau had some negotiating power but this limited authority has been diminishing," says one PLO official. PLO leaders say Washington demanded that their reply to Mr Baker's proposals should be converted through Calva and when

"I do not get it," says Mr Yassir Arafat, the PLO leader. "After one year of dialogue, the US is still ignor-ing the organisation's role and is looking for the representatives of the Palestinian people. With whom have they been talking? With ghosts?"

be conveyed through Cairo, and when they tried to deliver their reply to Mr Pelletreau it was dismissed by the US as unofficial.

But Mr Brice Lalonde, the

assails Morocco and Spain over oil spill

By John Hunt, Environment Correspondent

A DUTCH salvage company said yesterday that refusals by Spain and Morocco to allow the

Spain and Morocco to allow the leaking Iranian supertanker, Kharg-5, into aheltared waters for repairs had worsened the oil spill off the Moroccan coast.

The Kharg-5 was crippled by a series of explosions on December 19 when it was 400 miles north of the Canary Islands. Last night the salvage company, Smit Tak, had three tugs towing the vessel 100 miles off Morocco.

A spokesman for the company, Mr Daan Kaakebeen, said that the fire on the ship had been put out by December

had been put out by December 21 but permission had been refused for it to be towed in for emergency repairs. As a result it had to be kept out in high seas which delayed repairs and prolonged the leakage of oil, he

Last night, in gale force winds and high seas, the tanker was being taken to a rendezvous south of the Cape Verde Islands where the remainder of the oil will be transferred to another tanker.

Mr Kaakebeen said that it had not been leaking oil for 24 hours.

The London-based International Tanker Owners' Pollu-tion Federation (TTOPF) said yesterday that according to its own survey the danger of seri-ous pollution of the Moroccan coastline was receding.

Dr Ian White, managing director of the federation, said that one of his colleagues, Dr Brian Dicks, had flown over the area off the Moroccan coast

for four hours.

He reported that there was no significant oil pollution within 60 miles of the shoreline and that the oil further out was patchy and breaking up due to high seas.

By Francis Ghilès in Casablanca

THE oil slick off the Moroccan coast could pose a threat to the kingdom's fast-developing fish-

ing industry.

If the oil were to spread south, it would also hit the high-sea catches of cuttlefish,

Damage to coastal fish

stocks could prove costly

who is also on the scene, said that the danger remained that high winds could push the 185-mile oil slick ashore. "If the wind pushes the slick, it could reach the coast in two it could reach the coast in two or three days," he said.

The Iranian authorities, while confirming that the leak in the tanker had been stemmed, attacked what it termed the "imperialist media" for exaggerating the extent of the oil spill and its likely damage to the environment.

An international team of specialists has been in Morocco since the weekend to advise the Government on methods of

French Environment Minister

the Government on methods of preventing the oil reaching the shore where it could threaten oyster beds, fishing stocks, resort beaches and a pink fla-

mingo breeding ground.

They had responded to a government appeal which had said that unless the threat was averted there could be an environmental catastrophe of

"tragic dimensions".

Two experts from the Oil
Spillage Response Centre in
Southampton, which is supported by the major oil companies, have also flown to Morocco with 1,000 yards of boom cable to protect oyster beds at Ouslidyia.

Dr Ian White said earlier that heavy seas in the area in the early stages of the opera-tion had prevented a boom being put out and the oil being skimmed off. As the oil had now thinned out and broken up, the priority was to put booms around the most sensi-

tive part of the coast.

It is believed that more than 70,000 tonnes of oil have escaped from the vessel. This is far larger than the leakage from the Exxon Valdez which ran aground in Prince William Sound, Alaska, last March.

Delhi draws up fiscal and trade policies

By K.K. Sharma in New Delhi

THE Indian Government is to come up with a three-year for-eign trade policy to be announced on April 1 and a new long-term fiscal policy to be presented to parliament in the next few months.

These moves are part of a year to give speedy effect to the election manifesto of the National Front coalition that took power after November's general elections. The decision on new foreign

trade and fiscal policies bears the stamp of Mr V.P. Singh, the Prime Minister. He introduced similar measures when he was Commerce Minister in the late Mrs Indira Gandhi's Cabinet and Finance Minister in Mr Rajiv Gandhi's Govern-

Foreign trade policy was due to be reviewed in April, 1991, and it is expected that the new policy will retain much of the liberalisation from controls that were introduced four years ago by Mr Singh.

However, it is likely that curbs on certain imports will be introduced to help deal with the current foreign exchange shortage. Such import cuts were recently recommended by the country's economic advisory council and are being considered by the Finance and Commerce Ministries.

The fiscal policy is expected to provide for a continuity of direct and indirect tax laws and rates that will be announced when the first budget of the new Government is announced in the next few months. An interim budget is to be presented to parliament

The Government's statement on the "action plan" reiterates its decision to allocate 50 per cent of resources available for investment to agriculture and the rural sectors to fulfil the National Front's election pledges. This is to done as early as the financial year

beginning next April 1. Priority is also being given to cancel farm loans of up to Rs10,000 (£373) despite the large amount this involves and the criticism this proposal has raised among some economists on the ground that it will add substantially to the existing large budgetary deficit.
To benefit farmers, the state-

ment also promises a new for-mula for prices for agricultural products that will take inflais to get higher wages.

Other points in the "action plan" include legislation to introduce a fundamental right

to work. This will be accompa-

nied by an employment guarantee scheme. Discussions are to be held with chief ministers of the states on such issues as autonomy at district level, commuviolence, electoral reforms and workers' participation in

Burma begins countdown to elections

Chit Tun reports on how over 100 parties will contest the first free poll in 30 years

WITH just four months to go before Burma's first multi-party elections in 30 years, six sizeable parties have emerged to challenge for power and more than 100 others intend to field candidates. At least 200 political parties were formed in the wake of last year's pro-democracy demonstrations but nearly half of them have since disbanded or test a minimum of three seats as required under the electoral law for registration as a party. The National Unity Party (NUP), which is the former Burma Socialist Programme Party (BSPP) with a new name, is fighting 450 of the 491 seats. Believed to be the best

organised and financially sound, the NUP will test the

military government's claim

that last year's anti-BSPP and

THE often-fraught councils of

the Organisation of Petroleum Exporting Countries will lose a

exit of its president, Mr Ril-wanu Lukman of Nigeria, Reu-

An unexpected Lagos cabi-

net reshuffle last week moved

Mr Lukman, 51, from energy to

foreign affairs. Opec officials assume he will will give up the

presidency.
"What a pity for Opec," said
a delegate of a Gulf Arab coun-

try. Mr Lukman chaired the

organisation for an unprece-

dented six half-year terms,

having first been elected president of the 13-nation group in

The period, Mr Lukman him-

self says, was "our darkest hour". He took over during the

June 1986.



Aung San Suu Kyi: detained pro-democracy protests were more a creation of underground Communist agents and right-wing dissidents than a

worst of the 1980s' oil glut when prices had crashed from \$40 to \$10 a barrel. Also in 1986,

King Fahd sacked Sheikh

Ahmed Zaki Yamani. As Saudi Arabia's oil minister, Sheikh

Yamani had dominated Opec.

In Mr Lukman, however, Opec found the kind of chair-

man that most international

organisations only dream of as it struggled to get 13 fractious members to abide by produc-

tion quotas necessary to erase the oil glut and restore prices.

cold US winter, prices are back to around \$20 a barrel.

from Moslem northern Nigeria, Mr Lukman brought tact,

impeccable manners and a

A British-trained engineer

Helped by better, if not yet total, Opec discipline, rebound-ing worldwide demand and a

Lukman move seen as a loss for Opec

lar discontent. The other five main parties are the Democracy Party, the League for Democracy and Peace under the leadership of former Prime Minister U Nu (placed under house arrest last week), the Union Nationals Democracy Party of the retired military officer, General Aung Gyi, the National League for Democracy of retired General Tin U paigner, Aung San Suu Kyi (both under house arrest since last July), and the Coalition League of Democratic Parties. For the remaining 112 parties which intend to field candidates, the object of the exercise is simply to take part in the revival of political life.

shrewd committee man's politi-cal feel to Opec, blended with

total authority.
A senior delegate said: "An

Opec president needs to have a firm hand. But it is impossible

to have a firm hand when all

the 13 ministers are equal and

you are one of them. Lukman

somehow managed it. He has a

very strong personality." He teamed up with another

resourceful Opec mediator, the aristocratic Mr Subroto of Indonesia, formerly his nation's oil minister and now

secretary-general, the top per-manent official.

Achievements under Mr

Lukman included a series of

quota accords that erased the

oil glut despite rampant cheat-

ing and despite Iraq, Kuwait and the United Arab Emirates

ber of parties are taking part: "It demonstrates the parties" confidence in the integrity of the Commission," said its chairman, U Ba Htay.

Among the relatively small parties are 32 representing ethnic minorities such as the

and Arakanese. They will field candidates only in their own highland and border regions.

The Election Commission is happy that such a large num-

However, there are fears that such a multiplicity of parties ties crucial seats and result in no single party emerging with the majority to form a stable government.
The post-election scenario

opting out at various times on the grounds that their quotas

With all but the UAE now

back in the system and demand for oil recovering, Opec sources said Mr Luk-

man's departure would not be

the blow it might have been a

In the post-Yamani era and particularly since the end of the Gulf war, there has been a

change in Opec away from the confrontational and political-

ly-charged mood of its heyday.

Several ministers now are

petroleum engineers rather than politicians. When a prob-lem arises they are more likely

to get out their calculators

than make speeches," an aide

re unfair.

year ago.

could well be a succession of iust tolerance of serious abuses weak coalition governments, and a repeat of the political confusion, chaos and corrupand amount to real encouragement of them," Anmesty Inter-national said in its January tion of the late 1950s and early newsletter published today. 1960s that finally led to mili The Israeli Embassy in Lontary intervention and the don called the allegations "groundless and unsubstan-

> Korean Soviet plans Mr Choi Ho Joong, the South Korean Foreign Minister, said yesterday Seoul would start talks soon with the Soviet Union on establishing formal diplomatic relations, state radio reported, AP writes.

Cold killer in India

The poor and homeless in India and Bangladesh are dying of cold, Reuter reports from Dhaka. Over the past several weeks, at least 109 people have died in northern India where temperatures have dropped as low as 1.14 degrees celsius, the Press Trust of India reported.

At least 98 more died in northern and central Bangladesh where poor villagers have marched through the streets demanding free warm clothes from the Government.

Amnesty fears Israel condoned killings

AMNESTY International says it fears the Israeli Government has condoned and even encour-sged the illegal killing of Pales-tinians by its forces to help control unrest in the occupied territories, AP reports.

The London-based human

octoons and white fish which are landed at the ports of Aga-dir and Tan Tan and the rights organisation said the Canary port of Las Palmas. This sector of Morocco's fishing industry employs far fewer guidelines for the use of firearms by Israeli forces might permit unjustifiable killings of fishermen, on large modern Patesumai claimed abuses were not ade-quately investigated. lucrative source of export income than the inshore sar-We are concerned that

dine fishing.

Morocco's total fish catch taken together these factors appear to add up to more than increased by 75 per cent to 550,000 tonnes annually between 1980 and 1988. Over the same period, the value of exports was multiplied eightfold to Dirham 3.4hn (£280m), More than 50,000 Moroccans are employed in the fishing industry. The bulk of the fleet

> coastal waters. However, a further 50,000 Moroccans work in the fishprocessing and canning indus-tries. The social consequences, at least on the coastal towns, could have been serious had

of small boats operate in

the spill been worse as sardines are very much the poor man's staple food.

Morocco's increasingly important tourist sector is not affected so far.

Indeed, the coast between the ports of Mehdia, north of the capital, Rabat, and Safi, boasts no major tourist resorts.

But were the oil to move

But were the oil to move southwards, to threaten Aga-dir, the story would be differ-ent, as the capital of southern year round.

Ironically, the coast around the major fishing port of Safi, off which the Iranian tanker spilled much of its load, has been increasingly polluted in recent years by effinent from the factories of the Office Cherifien des Phosphates (OCP), Morocco's state phosphate monopoly, which also produces phosphoric and sulfuric acid

and a variety of fertilisers, such as TSP (Triple Super Phosphates) and NPK.

Some of the plants at Safi and nearby Jorf Lasfar are the largest of their kind in the world, but their activities have been worrying local people for more than 10 years.

Oman projects deficit

OMAN has projected a 1990 budget deficit of 314m rials (£509m) and boosted expendi-ture outlays by 8 per cent, citing the recent improvement in the world oil market, AP-DJ reports from Manama.

Oman, which is not a mem-ber of the Organisation of Petroleum Exporting Countries (Opec), said it expects total government spending of 1.747bn rials this year, up from the 1.617bn rials allocated in But the Deputy Prime Minis-ter and spokesman on financial

and economic affairs, Mr Abdul Moneim al-Zawawi, said gov-ernment expenditure still had to be kept in check because of uncertainties about future oil price trends. The oil market has witnessed a market improvement in the second half of 1969, yet in view of the fluctuations of the past year it is difficult to forecast stabil-ity," Mr al-Zawawi said. Oman nevertheless projected revenues of 1.433bn rials for 1990, up 19 per cent from 1.203bn rials estimated in the

Turkey's stranglehold on the Euphrates irks its neighbours

Ankara's announcement that it will halt the river for a month has angered Syria and Iraq, reports Jim Bodgener

OMINOUS disquiet pervades Turkey's relations with Syria and Iraq, its southern neigh-bours downstream on the Euphrates. Never easy at the best of times, the atmosphere has been strained following Turkey's announcement on November 20 that the river would be staunched for a month from January 13 to fill the giant Ataturk dam.

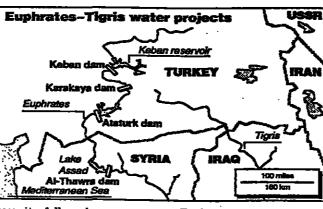
Iraq and Syria still do not agree to the plugging of the river, despite Turkey's detailed presentation to a joint technical committee on the Euphrates at the end of November. Visits by the dep-uty foreign ministers of both neighbours have failed to solve

the impasse. Only Iraq has reacted pub-licly, calling for a shortening of the period to a fortnight on the grounds that Iraqi agriculture will be badly damaged. There has been no response from

Damascus yet to a Turkish offer of electricity supplies to make up any shortfalls in gen-eration by Syria's Tabaqah dam; nor to accompanying offers of co-operation in exploiting Syria's reportedly large natural gas reserves.

Syrian-Turkish relations had already been chafed by the shooting down of a Turkish survey aircraft inside Turkey's Hatay province by Syrian MiGs in October. Syria was quick to apologise and has agreed in principle to meet Turkey's demands of about \$14.5m in compensation, according to Turkish officials.

The Turkish government has put Syria and Iraq under heavy pressure in recent months to curb infiltration from their ter-ritories of guerrillas of the Marxist, separatist Kurdish Workers Party (PKK) into south-eastern Turkey. Joint military talks in Iraq on border



security followed a massacre by guerrillas on November 24 of 28 inhabitants of a remote village on the Iraqi border. Some in the Turkish press called for an Israeli-style raid on alleged PKK camps in the Syrian-controlled Bekaa valley.

Turkey's announcement brought instant suspicion that Ankara was using its control of the river as a lever on its neighbours to stop the PKK. This impression is not new - a cubic metres a second across

the Turkish-Syrian border was agreed at the same time in 1987 as a border security under-

as a border security under-standing was reached in a pro-tocol during a prime ministe-rial visit to Damascus.

Foreign ministry officials deny any linkage between the issues and after informing the Syrians of the decision to sus-pend the flow of the Euphrates, increased the flow of the river to 750 cubic metres a second to to 750 cubic metres a second to allow them to store the water in their own reservoirs.

Because of a higher than usual winter rainfall, the flow has averaged around 780 cubic metres a second, rising at times above 1,000 cubic metres a second a second.

The Euphrates is only expec-

ted to dry up for a short stretch below the Ataturk dam; at the Syrian border, the flow will be about 120 cubic metres a second from tributaries downstream of the dam.

About four weeks are needed for the construction of a concrete plug in a diversion tunnel under Ataturk, and for the

under Ataturk, and for the water level to rise by about 120 metres to gates built into the upstream wall of the dam.

Syrian and Iraqi apprehensions are all the more acute because of widespread drought throughout the region this year. Turkey had the driest summer for half a century. Syria is most at risk, since Iraq also has the Tigris. But even Iraq will need to store water behind its Qadissiya dam and will release water from the al-Habaniya reservoir 65km north of Baghdad to compensate Iraqi farmers for low river levels.

It may also divert water for the first time through the massive al-Thirthar canal between the Tigris and the Euphrates.
The 1987 commitment has been the strongest formal

agreement reached on regional

agreement reached on regional water management since World War II. Turkish officials stress that it relates only to water crossing the Syrian-Turkish border. What happens thereafter is between Damascus and Baghdad.

Iraq's main concern may be that Syria will store most of the remaining Euphrates flow in the Tahaqah dam, releasing only a trickle to Iraq.

Turkish officials are anxious to emphasise their country's goodwill in regional water management. The commitment made in 1987 actually dated back to 1976, when the Karaksya dam was impounded and the international banks funding the project put considerable pressure as fiveless to ing the project put considerable pressure on Turkey to reach an agreement. When the agreement came up for renewal in 1987, Turkey was under no such obligation or

Eight vie for HK airport contract

By John Elliatt in Hong Kong

EIGHT international airport The short list includes design groups, including five Bethtel of the US, working in from the US, have been short—association with the UK-based listed from over 50 applicants to compete for the lead consultancy contract on Hong Kong's planned HK\$35hn (\$4.48hn) air-port, to be built in the mid-

The work involves planning the layout of the airport in partially reclaimed land at Chek Lap Kok off Lantau Island, plus all the project's civil engineering design.

An assessment of the controversial environmental impact of the project will be included.

contract for

ERICSSON, the leading Swedish telecommunications

group, has won a SKr230m (\$36m) contract to supply Axe

equipment for local exchanges

and operator-assisted services

to the Algerian Ministry of Post and Telecommunications

writes our World Trade staff. The project, financed by cred-

its from the Agency for Inter-national Technical and Eco-

nomic Co-operation, is part of the extension of the Algerian

Taisho forges UK link Taisho Marine and Fire Insurance and Sun Alliance and

London insurance have agreed

to exchange professional skills

and co-operate on product development through UK sub-

sidiaries Reuter reports from

Tokyo. The first objective is for

Taisho Marine and Fire Insur-

ance (UK) and Sun Alliance

Insurance Overseas to assist each other in underwriting for

Japanese customers in the UK.

Bombardier Inc's aerospace

group is studying joint produc-tion of the Canadair turbine

powered waterbomber in indonesia, writes Robert Gib-

bens in Montreal Canadair

would co-operate in assembly

with the Indonesian state-

owned aircraft company Indus-tri Pesawat if the East. Asia market is large enough.

Secul investment up

South Korean investment overseas shot up 134 per cent in the first 11 months of this year to \$424.6m from \$181.8m in the

same 1988 period, Reuter reports from Seoul.

said local wage rises, currency appreciation and protectionism

abroad have prompted busi-

nessmen to invest more

abroad. The number of projects

rose to 220 from 147 a year ear-

South-east Asia attracted the

most projects this year at 106, but North America saw the

highest investment in value

terms at \$211.4m. More than

half the projects were in manu-

Finance Ministry officers

Waterbomber study

telecom network.

Algerian

telecom

Ericsson

Halcrow Asia Partnership, and RMP Encon of the US, one of the front runners because it carried out an initial study into the project eight years

Another leading competitor, Netherlands Airports Consul-tants, has specialist reclamation experience. The consul-tants also carried out a Hong Kong Government study last year on the proposed airport's main alternative site. The other confesions are:

Greiner, Tams Consultants, and Austin, all from the US; Aéroports de Paris, of France; · The main civil engineering and Japan Airport Consul-

Among those who failed to reach the short list is British Airport Services.

The eight groups have been asked to submit detailed planning proposals for the two-runway airport, plus tenders for their fees, by the end of next month.

The 16-month contract is expected to be be placed a few weeks later, in order that work can start in June.

and other contracts are not expected to be placed till

But tenders for a prelimi-nary large contract will be invited later this year to establish a hig works area off Lan-tau island, followed a few months later by tenders for substantial sea wall and reclamation contracts.

The airport forms part of a programme of infrastructure projects costing over HK\$130bn which Hong Kong plans to carry out in the next 15 years.

Atlantic container rates to rise

By Robert Gibbens in Montreal

IMPORTERS and exporters will be paying more to move their goods across the Atlantic

this year.
Atlantic west-bound conference container rates are going up 5-10 per cent on March L The basic rate for a 20-foot container moving to Canada from Europe will rise about C\$65 (£36), and for a 40-ft container,

Industry officials expect east-bound rates to rise by about the same amount, since demand is firmer east-bound than west-bound.

Far East rates, both outbound and in-bound, are rising by an average 10 per cent, offi-cials say.

From March 1, the in-bound 50 per cent of the new comrate for a 20-ft container will rise about \$250 and for a 40-ft container about \$350. Outbound rates will rise on April 1 pany.

Earlier, it merged its towels division with C.S. Brooks Corp for a 50 per cent interest. The New York company recently acquired 49 per cent of Britain's Homecare Textiles, a by about \$160 for a 20-ft container and \$200 for a 40-ft one. Dry cargo rates will rise about 10 per cent. ● Dominion Textile Inc. Cansheet and towel producer, to expand its share of the North American and European marada's largest integrated textile group, is taking a further step towards internationalisation to

Domtex said both deals increased its access to the big US market and the Canadian manufacturing plants will be retained. But union officials say the company will eventu-ally move sheet and towel manufacturing to the US.

Corp, of New York. It can own Taiwan bid to boost farm exports

meet the challenges of Cana-

da-US free trade and Asian competition. It is selling its sheet and bedding business

with annual volume of around

C\$150m to a new company jointly owned with C.S. Brooks

By Peter Wickenden in Taipe

THE Taiwanese Government is to appoint officials to Belgium, the US and several other coun-tries, in a bid to boost farm exports and raise connetitiveness of its farm sector in preparation for entry to the General Agreement on Tariffs and Trade (Gatt).

Talwan has come under

pressure from the EC, the US, Australia and Canada to open further its market for farm products. It has made few major concessions, mainly to the US, but Taipei now faces little choice if its impending application to enter Gatt is to

When Taipei yielded to local cattle raisers' demands in Sep-tember and banned Australian heef imports, Australia made

clear that its support for Taiwan's Gatt application was in jeopardy. A second round of talks on the beef issue failed to reach any agreement.

While tariffs on the vast majority of industrial and consumer goods have been slashed to a level mostly in line with other industrial economies, the agricultural sector remains the most heavily protected. The Government has told major trade partners that it will never open the market completely, for strategic reasons, but is resigned to the inevitable negative impact of liberalisation on an industry far from effi-

Agricultural and fisheries representatives are to be stationed in Taiwan's unofficial trade offices in Washington and Seattle, as well as in Holland, Belgium, Japan, Thailand, Argentina, Samoa and Fiji. They will start aggressive promotion drives and pursue

co-operation projects.

Meanwhile, the US plans to ask for further tariff cuts on agricultural products at trade talks with Taiwan in mid-Jannary. Taiwan ran a trade surplus with the US of more than \$1bn (£625m) a month in 1989. Despite a series of government measures designed to reduce the imbalance, December's fig-ures are likely to produce a trade surplus with the US nearly 26 per cent up on the \$10.8bm recorded in the previ-

Ecowas dismantles trade barriers

States (Ecowas) yesterday from tariffs. started dismantling barriers to Ecowas, w trade within the world's poorest region, Renter reports

"As from today, all non-tariff barriers to intra-Community trade are being removed completely over a four year period by each Ecowas member state," the organisation said in a statement issued from its Lagos headquarters yesterday. In addition, tariffs on industrial goods will be gradually phased out at varying rates,

Ecowas said. Under the plan, unprocessed

THE 16-member Economic crafts originating within the plastic bags, at varying rates Community of West African community are now exempt within the community.

in 1975 to expand member economies by removing trade barriers and developing integrated industries, has been comparitively slow to realise its free trade dream. Less than 5 per cent of members' recorded trade is with each other, although smuggling is

The take-off date for the long-planned project was formally decided by Ecowas member heads of state in June 1989.

The plan divides the commulevels of industrialisation.

The most industrialised, the Ivory Coast, Ghana, Nigeria and Senegal, have four years to eliminate tariffs on priority goods and six years for non-priority goods.

Benin, Guinea, Liberia, Sierra Leone and Togo have six and eight years to end tariffs on the two sets of goods.

The least industrialised countries, Burkina Faso, Cape The tariff-reduction plan applies to an initial 25 products, ranging from biscuits to Verde, The Gambia, Guinea-Bissau, Mali, Mauritania and Niger, have eight and 10 years.

goods, products and handi-Gloss comes off Caribbean initiative

Efforts to widen the programme are in hand, writes Canute James

HEN the US Government announced a preferential trade programme for several Caribbean countries just under six years ago, many governments in the region saw it as an opportunity to increase signifi-cantly their foreign earnings.

They are not so sure now. "Perhaps we expected too much," concluded Mr John Compton, Prime Minister of St Lucia. "In the light of cold sta-tistics, shorn of all political rhetoric, we shall regretfully

conclude that it has not lived up to its early promise."

Despite the benefits promised by the Caribbean Basin Initiative (CBI), as the programme is called, the regions exports to the US have stagnated, frustrating Mr Compton and his colleagues. Exports to the US from the countries listed as CBI beneficiaries feli from \$8.73bn (£5.5bn) in 1963, the year before the CBI was implemented, to \$6.18bn in 1988. The balance of trade now favours the US.

Consequently, Caribbean governments are watching, with more than passing concern, the progress of efforts in Washington to widen and extend the trade programme. But questions raised by some US legislators about the pro-posals have led Caribbean offi-cials to conclude that the effort could fall victim to what they described as "a persistent and strong tendency towards protectionism .

The CRI was introduced in January 1984, and was intended to run for 12 years. It allows 22 countries designated

been exports such as petro-leum products, garments, tex-tiles and leather goods. US trade officials argue that

this decline in the value of Caribbean exports to the US over the past five years was due mainly to changes which overtook two products – lower oil prices and cuts by the US in its imports of Caribbean sugar.
They say the CBI has been successful in increasing the value of non-traditional Caribbean

exports to the US.

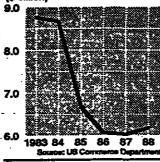
"The CBI has had remarkable success in this major goal," said Mr Peter Whitney, director of the office of regional economic policy of the Bureau of Inter-American Affairs in the US State Department. "In the 12 months end-ing June 1989, non-traditional exports from the beneficiary countries totalied \$3.4bn. This represents growth of 90 per cent since 1983, the year before the CEI went into effect."

Among the changes to the programme being debated in Washington following proposals from two legislators is a doubling of the life of the CEL and an extension of the list of Caribbean exports which will be granted preferential treat-

According to Mr Erskine Sandiford, Prime Minister of Barbados, the bill now before Congress could provide opportunities for Caribbean countries to increase investments and expand their economies. The original CBI had some "limited success", the prime minister said, but has not been enough to meet the expecta-tions which it created.

by Washington to ship a range of products, duty free, to the US were valued at US, but denied preferential treatment to some key Carib-

US imports From CBI designated countries (\$ billion)



due to reduced shipments of sugar as the US cut import

Mr Compton agreed that if the bill passes through the US Congress in its present form, or with only minor alterations. it could be beneficial to the Caribbean countries.

But the region's business leaders say more has to be done to fight off the attempts by some legislators and US business to dilute some of the proposals for improving the trade programme. "The interest must come

from our producers in the region because we are the ones who will benefit," said Mr Delroy Lindsay, executive director of the Private Sector Organisa-tion of Jamaica. "I am quite optimistic that the bill will come through, but I think that we, at both the political and private-sector levels, will have to redouble our efforts to ensure that the benefits of the bill are not eroded.

"We cannot allow the various sectoral interests in the US to bring unfair pressure to bear against a policy designed to help develop the region. We have to lobby very effectively in Washington – that is where we have to focus our attention

The proposed changes which Caribbean governments and businessmen say will benefit the region include duty-free treatment for textiles and gar-ments for which there is a guaranteed market under a separate programme.
They want preferential treat-

ment for exports of leather products, including footwear, and guaranteed minimum levels of sugar exports to the US. The region's sugar industry has claimed it has been unable to make any rational plans for production because of the cuts in US import quotas to the

The beneficiary countries also want to see a change which would bind the US Government to a minimum 12-year notice period for the cancella tion of the CBL

In a recent statement sent to Washington supporting the proposed changes to the CBI, several Caribbean governments said the improvements would "make a valuable contri-bution to increasing the capac-ity of the CBI beneficiary countries to respond to the problems, challenges, and, indeed, opportunities of the future".

The statement said the Caribbean recognised that the US Administration may not be able to support some of the proposed changes, but that the countries in the region .. invite the (US) Administration to reflect on the continued importance of such traditional commodities as sugar to the social and economic well-being of our countries".

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UK NEWS

Business leaders angry over big increase in rates

BUSINESSES in England and Wales reacted with widespread hostility yesterday to the scale of the rise in rates (local property taxes) that many will have to pay over the next five years. foreshadowing a political head-ache for the Government.

Some businesses will have to pay eight times the existing level as they discovered yester-day when draft valuation lists were put on display at local council offices for the first

Hardest hit by the new uniform business rate, due to be introduced in April, will be retailers in south-east England - particularly London's West End. Harrods, the Knightsbridge department store, will have its rateable value increased from £853,472 to £24m. The rates payable at 34.8p in the pound will go up from £1m to more than £8.3m. Mr David Simons, finance director of House of Fraser which owns Harrods, said: The increases being proposed are monstrous. We shall be appealing against them, with

every hope of success." There will be a five-year transition period to cushion the impact of the new system. which will limit increases to 20 per cent a year in real terms. The transition period will also mean that beneficiaries will have their rate reductions stag-

Many Tory backbenchers will be campaigning for the period to be extended to 10 years. Among the worst affected are small businessmen who traditionally support the

Conservative party. The increases come because there has been no revaluation

of commercial property for 17

Valuations have years. increased by an average of eight times across the country.

eight times across the country, but by much more in the prosperous shopping districts of south-east England.

In Milton Keynes, a successful new shopping centre, the valuation of one shop has risen from £1,638 to £25,000, a 15-fold increase which will mean a increase which will mean a doubling of the rate bill from

£4,500 to £9,000 a year. The reaction yesterday to an initial study of some of the 1.6m commercial properties covered by the revaluation was one of widespread, but not universal, hostility. Businesses in north-west England, for example, generally welcomed the

The main beneficiaries of the rate changes, which will bring in the same amount of cash as the current non-domestic rate after taking inflation into account, will broadly be indus-tries in the Midlands and

Mr John Banham, director general of the employers' federation, the Confederation of British Industry, was highly critical. "More than 500,000 businesses will see their rate bills rise by 20 per cent a year in real terms for at least the next two years. The overall result could well be a one-point increase in the retail price index at just the wrong time."

Mr John Harris of the National Federation of Self Employed said it was clear that a lot of small businesses were going to suffer. "The Treasury found nearly £1bn of new money to protect community charge payers. Doesn't the corner shop warrant similar con-

FINANCIAL TIMES SURVEY OF SURVEYS

Robust economic recovery is expected next year

By Patrick Harverson, Economics Staff

BRITAIN will avoid a recession this year, while 1991 should see a robust recovery in economic activity, a Financial Times survey says today.

Since the last publication of the

survey's findings in August, the country's leading forecasting organi-sations have become gloomier about prospects for overall economic growth, investment and manufactur-ing output, but they are more opti-mistic about exports and the longerterm outlook.

It is the growth in export volumes, aided by a weak pound and strong world trade, that is expected to stave off a recession this year, according to the survey of 22 independent forecasting groups, plus the Treasury. The average independent estimate for export growth this year and in 1991 is 7.5 per cent and 5.2 per cent

In contrast, near stagnant consumer spending will lead to a drop in imports growth, with volume expected to advance by only 1.4 per cent in 1990 and 3.6 per cent in 1991.

The key to the improvement in exports will be the ability of UK companies to divert production from alling domestic markets to meet more buoyant demand overses.

buoyant demand overseas.

Last week's trade figures for

November, which showed that export volumes grew at more than twice the rate of import volumes between Sep-tember and November, suggested that manufacturers have already begun to redirect their capacity to foreign

markets. The improving balance of trade will lead to a reduction in the current account deficit in the next two years. The deficit is, on average, forecast to fall from an estimated £21bn in 1989 to £14.9bn this year and £12.5bn in

The performance of Britain's exporters, however, will not prevent the economy from slowing to modest levels of growth this year. The average estimate is for 1.4 per cent growth in gross domestic output.

A recovery in consumer spending, investment and manufacturing output will see a return to more robust growth of 2.4 per cent in 1991.

Lower rates of economic growth will not lead to a significant rise in unemployment, which is forecast to rise from its current level of 1.65m to

1.7m in 1990 and 1991. Interest rates are forecast to ease from 15 per cent to 13 per cent by the end of this year, dropping further in 1991 to below 11 per cent.

Lower inflation this year. The average estimate is for the Retail Prices Index to stand at 5.5 per cent by the end of 1990, down from the current

rate of 7.7 per cent. The RPI is fore-cast to fall further in 1991, ending the year at 4.8 per cent. The high cost of borrowing, and its effect on profitability, will force com-panies to reduce their investment

The forecasters expect virtually zero growth in investment this year, followed by a modest recovery in

The FT average is a simple unweighted average that takes no account of different methods used to measure economic variables, and the different assumptions underlying the economic models used by the fore-

FORECASTS FOR THE UK ECONOMY

(Unemployment, average over period. Balence of payments and PSBR in £bn; PSBR for financial years 1989-90 and 1990-91. Interest rates fourth quarter. Retail price inflation; year to fourth quarter. Other are percentage change over 12 months. Dash indicates information not available)

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Barciays de Zoete Wedd Cred Sulsse First Boston Goldman Sacha Greenwell Montagu Hoare Govett James Capel Lloyds Bank Morgan Grentell National Westminster Phillips & Drew Shearson Lehman Hutton Warburg Securities	Dec Dec Dec Dec Dec Dec Dec Dec Dec Dec	1.0 1.3 0.8 1.9 1.7 0.9 1.6 0.5 0.9 1.0 2.5 2.2	25 28 21 3.5 24 28 28 28 33 18 32 24	1.0 1.8 0.9 1.2 2.5 1.1 0.9 1.3 0.9 1.5 1.6	2.5 1.7 1.9 3.0 - 2.0 2.8 2.4 2.8 1.6 3.1	0.0 1.5 1.1 2.0 2.2 1.4 1.3 1.8 2.2 0.7 1.75	3.0 3.0 2.2 4.3 - 2.8 2.7 2.4 3.7 2.4 3.0 2.5	-2.0 1.3 1.2 2.2 -1.2 -1.9 2.1 -1.0 -4.6 1.5	1.0 3.5 -2.4 2.0 -0.4 2.9 2.0 -0.4 2.9 1.6	4.2 6.5 6.5 6.2 8.2 5.8 5.4 5.3 5.0 6.5 6.2	4.5 6.5 4.9 3.5 5.2 4.7 4.9 5.1 3.4 5.25 4.5	1.7 1.7 1.7 1.9 1.7 1.8 1.8 1.7	1.8 1.7 1.8 2.1 1.8 1.5 1.9 2.1 1.7	-11.0 -16.0 -14.2 -14.0 -13.5 -15.4 -15.9 -14.0 -12.2 -14.1	-7.0 -15.0 -14.7 -13.0 -12.4 -11.8 -13.2 -10.5 -8.8 -11.5 -11.0		-2.0 -9.0 -14.0 -8.0 -11.0 -11.1 -2.0 0.4 -7.2 -7.0	11.5 13.0 12.5 13.0 15.0 15.0 12.3 14.1 12.0 12.8 14.0	10.5 11.0 10.0 10.0 - 11.0 10.5 13.1 10.0 10.0 11.0	8.0 9.5 8.2 7.2 8.7 9.0 7.4 6.3 7.5 9.9 7.2	5.5 5.9 6.0 7.3 5.8 6.5 6.1 9.5 4.6	0.0 1.6 2.3 0.0 4.2 3.9 2.2 -0.5 1.5 -1.8 2.4	3.0 8.7 3.8 4.0 — 4.5 2.8 4.7 3.5 2.29 3.0 3.5
FT average Average of City forecasts		1.4 1.4	2.4 2.7	1.2 1.1	2.0 2.4	1.3 1.5	2.5 2.9	0.2 -0.2	1.5 1.4	5.5 5.4	4.8 4.8	1.7 1.7	1.7 1.8	-14.9 -14.1	-12.5 -11.7	-11.0 -9.3	-8.8 -7.0	13.0 13.1	10.9 10.6	7.5 8.0	5.2 5.8	1,4 1,5	3.5 3.5

NOTES: Treasury: 1990 forecasts based on first half, with RPI is for second quarter. GDP: Treasury, compromise measure. DRI, Liverpool, LBS, National Institute use curput measure. Others use average measure. Consumer spending: Liverpool, non-durable consumption. Retail price inflation: Liverpool, average consumer prices. EC consumer price deflator, av for year. Interest Rates: Liverpool, Treasury bill average for year. CBI, DRI, LBS, Hoere Govett use base rates. National institute, Treasury bill. EC, short term, end of year.

Consumers come of age with a new decade

By Alice Rawsthorn

GREYPOWER, glasnost and the "green" movement will be the main influences on consumer spending in the Britain of the 1990s as the archetypal consumer becomes older, more cosmopolitan, increasingly concerned about the environment and rather less extrava-

This picture of a more mature, conscientious consumer is painted in a new report by Projection 2000, a market research consultancy, which analyses expenditure trends throughout the 1990s

until the year 2000. The recent rise of interest in environmental Issues - which has already crammed supermarket shelves with phosphate-free soap powder and biodegradable washing up liq-uid – is not a short-term fad, according to the report, but a long-term phenomenon which will influence expenditure throughout the decade.

Given that the new generation of "green" consumers is prepared to pay top prices for ecologically-sound products, there should be lots of opportunities for new products, especially in sectors such as motoring, household goods and food.

The emphasis on the environment should also fuel the trend away from conspicuous consumption which characterised the "designer decade" of the 1980s. This trend will, however, be influenced by economic changes.

The recent rise in interest

rates has already depressed consumer spending and has brought the consumer credit boom to an abrupt halt. The report predicts that credit coningly important issue. Some consumers could spend the early 1990s paying off the credit card debts they accumulated in the 1980s.

Projection 2000 expects the slowdown in consumer spending to continue until 1992. There should then be a revival, at least until 1996. This revival will coincide with the introduction of the

with the introduction of the unified European market in 1992. The unified market – combined with likely closer links with Eastern Europe – should increase the influx of foreign goods into Britain and encourage the trend for the British to become more cosmopolitan in taste.

Meanwhile, the composition of consumer markets will change dramatically in the 1990s with fewer young con-sumers, but more elderly people. There will be almost 1m more Britons in the 49 to 57 age group by the year 2000, which should ensure that "grey power" is an increas-ingly important influence over consumer markets.

Consumer 2000 is published by Projection 2000 at 16 Evering Road, London N16 7QJ for £95.

Eurotunnel near £1bn loan deal

By Kevin Brown, Transport Correspondent

A £1bn refinancing package for Eurotunnel, the Anglo-French Channel Tunnel consortium, is likely to be signed next week, despite continuing disagree-ment on the cost of the project. Final details will be drawn

up on Tuesday by the consor-tium of 200 banks which has aiready agreed to provide Eurotunnel with \$5bn of loan capital. The package will prob-ably be signed on Friday. The agreement will end doubts over the future of Furn-

group announced that the cost of the project would be £7.2bn compared to the original esti-

doubts over the future of Euro-tunnel which began when the

It will probably be followed by a rights issue in the spring

to raise about £350m of new equity from shareholders, who have already put up £1bn Negotiations with the banks were complicated by a dis-

agreement between Eurotunnel and Transmanche-Link (TML), the Anglo-French construction consortium, which put the cost at £7.5bn.
The banks now appear ready to accept a report from two independent firms of consult-

ing engineers which supported Eurotunnel's cost projections. However, there may be changes to the specifications of

The banks are unlikely to up 28p yesterday at 633p.

seek the removal of Mr Alastair Morton, the British cochairman of Eurotunnel, whose abrasive style has won some support from bankers. But there is still a possibility

that some senior managers will be asked to leave as part of a process of tightening Eurotunnel's cost control mechanisms.

The probable agreement with the banks follows news that the Inter-Governmental Commission, which is responsi-ble for safety in the tunnel, has allowed passengers to be carried on shuttle trains with

their vehicles, enabling Euro Folkestone and Coquelle, near tunnel to go-ahead with a Calais, to reduce the potential £600m order for shuttle trains.

Tories try to heal rift on Europe

By Philip Stephens, Political Editor

yesterday signalled a deter-mined effort by the Government to heal the rift with its representatives in the European Parliament which opened up after its defeat in last

June's European elections.

Speaking on BBC radio, Mr Baker said that a planned meeting later this month between the 32 Conservative MEPs and the Prime Minister was part of a strategy to promote a much closer working relationship.

The prospect of a more har monious relationship was dented, however, when Mr Peter Price, the MEP for Lon-

MR Kenneth Baker, the don South East, said that Mrs Conservative party chairman, Thatcher had continued to display a "negative" approach at last month's European Com-

munity summit.

Mr Baker said the gap between the Government's policy towards Europe and that espoused by most of its MEPs

espoused by most of its Mers could be bridged.

Many MEPs have publicly criticised what they see as the "negative" attitude towards further European integration adopted by Mrs Margaret Thatcher and blame the party's heavy losses in the Strasbourg heavy losses in the Strasbourg elections on that style.

They have also been more enthusiastic than the Prime Minister about monetary inte-

gration, with most favouring a single European currency.

Mr Baker said the Government would seek to explain to the MEPs its support for the creation of the single market and its commitment to full

British membership of the European Monetary System. He added that there was no support within the Conserva-tive party or within the coun-try for the creation of a Federal Europe.

Speaking on the same programme, Mr Price said the majority of his colleagues favoured moves towards a single currency and the establishment of a European system of

'Downturn' predicted in construction

By Kevin Brown

THE construction industry will suffer a downturn in trading activity this year after tine years of steady growth, Mr Peter Bainbird, chairman of the Building Employers Confederation, said yesterday.

Mr Bainbird said in a new year message that the private year message that the private house building sector was already moving towards a recession because of "the

harsh high interest rate regime" which began last He urged the Government to stimulate the house building market by reducing interest rates, easing the burden of

stamp duty on house sales, and increasing the ceiling for tax relief on mortgage interest from £30,000 to £50,000. However, Mr Rainbird said output in 1990 was likely to be higher than in any year up to 1988 because reduced private spending would be offset by increased public spending on hospitals, schools, the inner cities and the homeless.

"It is also worth recalling that, as we entered the 1980s, construction was in a far worse shape than it is now, and it was operating on a much weaker national eco-nomic base," he said.

"Despite current economic difficulties, we enter the 1990s as a stronger, more productive and more efficient industry, and I am confident that we can look forward to further sustained growth in the years

Accountants predict decline in buy-outs

By Charles Batchelor

MANAGEMENT buy-out activity may start to decline this year after six years of unbroken growth to a peak of £6.4bn in 1989, according to accountants Peat Marwick McLintock.

A decline in the profit expectations of many companies and the high level of interest rates have combined to reduce buyout activity in recent months. said Mr Chris Beresford, head buy-outs at Peats In addition, the high average

price/earnings level of Stock Exchange quoted companies has meant that businesses which are potential buy-out candidates have become too expensive for management teams and financial backers. In 1989 buy-outs increased in both numbers and value. Sixty

seven large buy-outs (valued at more than £10m each) worth £5.78bn were completed last year compared with 54 huy-outs worth £4.44bn in 1988. In addition, Peats estimates small buyouts valued at less than £10m each were completed to a value of £600m compared with £560m the year before. The total level of buy-out activity rose to £6.28bn from £5bn. For each of the past three years buy-outs have provided about one-eighth of all merger and acquisition activity in the

UK. Peats said.
The underlying trend is nevertheless downward with the value of deals completed in the fourth quarter of 1989 lower – at 2740m – than any quarter

since the beginning of 1988, immediately after the Stock Market crash of October 1987. Companies in the UK oper-ating self-administered com-pany pension schemes can look forward to continuing large surpluses from those schemes as a result of investment buoy-

ancy, writes Eric Short. First estimates from the WM Company, one of the world's largest investment performance measurement companies, show that self-administered pension schemes in the UK achieved an investment return in 1989 of around 29 per

cent - the highest return for the decade, shading the 28.8 per cent achieved in 1982. If property investment is excluded from the calculations, then the estimated average return by pension schemes rises to almost 31 per cent - exceeded only by the 33.9 per cent achieved in 1982.

Such returns will be well in excess of the estimated rise in the Retail Price Index for 1989 of around 7.5 per cent and the increase in National Average Earnings of around 9 per cent. UK pension schemes on average will achieve a real return on their investments over sal-

on their investments over sal-ary increases of 20 per cent. Equities, both UK and over-seas, were the best performers in 1989, with 34.4 per cent from UK equities and 35 per cent from overseas. This showed that equity markets had fully recovered from the crash of October 1987.

ger - making it easier to catch

IN BRIEF Last quarter

sees record fall in UK house prices

The last quarter of 1989 saw the largest ever quarterly fall in UK house prices, according to the Nationwide Anglia building society and will continue into the early part of this

The society's index fell 2 per The sharpest falls were recorded in the south where declines of over 5 per cent were registered in that period - and over 6 per cent in the south-west.

IRA kills driver

A taxi driver taking his teenage daughter to school yester-day became Ulster's first vic-tim of terrorism in 1990 - killed by an IRA bomb under his car.

Mr Harry Dickey, 38, died when an explosion ripped through his car near his home in east Belfast. His daughter survived. The IRA claimed its victim was a member of the Ulster Defence Association, the Protestant paramilitary organisations, and of the outlawed killer group the Ulster Freedom Fighters.

Coolers stay put

The Chesterfield wine coolers. The Chesterfield wine coolers, two large silver tureens, made in London in the 1720s by the two leading goldsmiths of the day, Paul de Lamerie and Paul Crespin, are to stay in the United Kingdom after a £750,000 appeal, launched jointly by the Victoria & Albert Museum and the National Museums of Scotland, was successful yesterday when the fine art auctioneers Christie's contributed the £68,000 needed to tributed the £68,000 needed to reach the target sum.

Vauxhall price rise

Vauxhall, the UK subsidiary of General Motors, the US motor manufacturer, increased prices of Vauxhall cars and Bedford vans rose by 4.3 per cent and 4 per cent respectively from mid-night last night, taking a Cava-lier saloon 1.6L from £9,610 to £9,999

Guernsey bank

Adam & Company, the small Edinburgh-based private bank, has set up an offshoot in Guernsey, to be named Adam & Company International, offering private banking, investment, trustee and company accretarial accretas pany secretarial services.

Centrist tax policy The centrist Liberal Democrats yesterday published a blue-print for a radical restructuring of the tax and benefits system with the eventual aim of replacing tax allowances with a minimum basic income for all adults

Underground graffiti... London Underground, the mass transit system, is to spend film on improved secu-rity at stations and train in a bid to combat graffiti.

BAe rules out compromise on shorter working week

Mike Smith examines the tough stance of the aerospace group over union calls for a cut in man-hours

r Maurice Dixson is not in the mood for compromise. The managing director of the commercial aircraft arm of

British Aerospace is adamant that his company is not pre-pared to negotiate on a shorter working week unless employ-ees call off their strikes. His hard-line stance has met with an equally tough response

from unions saying there can be no return to work without a shorter hours agreement.

Many people believe that a 37-hour week throughout the 37-nour week throughout the engineering industry is now inevitable. "It will not happen all of a sudden." says one company chairman. "But it will become a reality within a year or two." Like increasing numbers of company heads, he has quietly started negotiations with union leaders.

But if a shorter week is to

But if a shorter week is to become the norm, why is BAe holding out? Mr Dixson says it is simply that the company does not consider negotiating under duress (while strikes continue) to be conducive to its long-term competitiveness. The problem is that the

nine-week-old strikes at two BAe plants and six-week stop-page at another is costing both

sides dear; BAe in lost produc-tion and the unions in strike levy money they badly need to spread the hours campaign to other companies. How long is the BAe stale-

mate likely to continue? And how harmful is it for the engineering unions' campaign?
The unions have so far done better than expected. After rejecting an offer of a 37½-hour week for manual workers from the Engineering Employers' Federation last April, they adopted a risky strategy by deciding to campaign for a series of selective strikes.

There were doubts about whether they could achieve

majorities in strike ballots, and about their ability to achieve anything more than the 11/2-hour reduction they had already been offered.

In the event, white collar workers, who had subsequently joined forces with

their manual colleagues in the hours campaign, voted against striking at the seven plants selected for stoppages.

The blue collar employees, however, were largely in favour More important indefifavour. More important, indefinite strike campaigns - or at least the threat of these
- have helped to secure 37-



hour week deals at Rolls-Royce plants in Glasgow and Tyne-side, and at a Smiths Industries factory, in Cheltenham.

The campaign's successes have to be put in context. Only three large engineering compa-nies have offered 37-hour weeks - the other is GKN but that offer is part of a complex package which employees in Telford have rejected - and workers in only four plants are affected directly. Among smaller companies, perhaps another half dozen have agreed hours cut deals.

The unions still have to

Mr Maurice Dixson of British Aerospace (left), which has a relatively captive customers in Britain for defence equipment and Airbus, does not consider negotiating under duress to be conducive to the company competitiveness 7

tackle thousands of other plants and employers. The EEF, which represents about half of engineering employers, has about 5,000 employer affiliates and most have more than one plant. The CSEU could not afford to launch strikes every-where, nor could it obtain ballot majorities everywhere. Before long all employees at both Smiths and Rolls-Royce are likely to be covered by 37hour week agreements. Mr Hugh Pope, chairman of the Smiths aerospace division, says: "You cannot negotiate a

37-hour deal at one plant with-out recognising you will have to do it elsewhere." At to do it elsewhere." At Rolls-Royce, Mr Jim Keir, director for supply, says he expects that by the end of 1991 all of the company's manual employees will be working 37-hour weeks.

Other engineering companies will be encouraged by the concessions which Smiths and Rolls-Royce have won from their workforces in their respective deals. At Rolls-Royce's Hillington, Glasgow, plant, for example, the deal allows more job flexibility, more inspection of their own work by employees, more team working and for a reduction of 15 minutes a day in tea breaks. Skills shortages provide

15 minutes a day in tea breaks. Skills shortages provide another spur for other companies to agree hours cuts. The decline in school leavers in the 1990s will inevitably lead to a tighter labour supply. Companies which do not agree to a shorter working week will be at a disadvantage in recruiting. Analysts say. BAe has also been in a better position than been in a better position than Rolls-Royce and Smiths to adopt a hard line. The strikes have affected it less than the other two because lead times

on its products are lon-

ger — making it easier to catch up on production delays — and it has relatively captive customers in the British Government (for defence equipment) and Airbus, both of which have have understanding of the been understanding of the company's problems.
But the longer the strikes go on the harder the company is hit. Airbus has been able to largely maintain its production but its stock of wings, supplied by BAe, is dwindling.

by BAe, is dwindling.

The continuation of the strikes is equally uncomfortable for the unions. BAe says about 10 per cent of manual employees in Preston returned to work in the week before Christmas, marking the first time blue collar workers had crossed picket lines in two decades. It hopes others will follow, when the full impact of the union's recent decision to halve strike pay to £60 a week hits home.

Even in the unlikely event of

hits home.

Even in the unlikely-event of a full drift back, however, the company has already said it is willing to negotiate on a 37-hour week. Provided it can get productivity concessions, it is prepared to make deals at the three plants hit by strikes and elsewhere.

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The problem chiefs now most need to solve

By Michael Dixon

Every question man can raise, Every phrase of every phase Of that question is on record in the files.

where their mouths are.

heads of 100 organisations in

the United Kingdom.

The prime question put to the chiefs was which issues did they expect to be most important during the 10 years ahead. The one that received the largest number

received the largest number of mentions - 42 - was the

availability of capable staff. Second came 1992 with 31, followed by customer-care

and staying competitive with

asked how they proposed to ensure they had a sufficient

workforce, most saw the

main hope as training and retraining. The 56 naming that option compared with

25 apiece. When the chiefs were

KIPLING'S words seemed heaven sent when they came to mind as the Jobs column was wondering how on earth to begin the new decade.

They reminded me that I had faced the same problem before. So I plunged into the archives to check how I'd tackled it not just 10 years ago when the column was much as it is now, but at the start of the 1970s when it was appearing in embryo form. It turned out that in

neither case was the new decade mentioned at all — which, given the weight of reference to same elsewhere in the media, might have struck readers as a welcome relief. But any of you who are looking for similar mercy today will be disappointed, and for two main reasons.

The first is that this is my last chance to herald such an account while I have the

occasion. While I hope the column is still appearing in the year 2000, it will have a different writer. The present one will have been put out to grass well before.

The second reason is that the 1990s are expected to be no ordinary decade. For in the numerous countries affected by scarcity of youth, the process of employment

the 41 who, with some overlaps, put trust in offering better material rewards with emphasis on pay for results. Believe it or not, the next seems set to turn from a biggest vote - 27 - was for recruiters' to a job-seekers' market. What is more, the recruiting older people. implications of that change

looking to obtain necessary talent by more enlightened selection methods, which hardly supports optimism seem to be recognised not only by personnel specialists but even by a good many chief executives who, despite their frequent declarations about company leaders' that people are their most appreciation of where their important asset, have rarely put their active interest main staffing problems lie. And the outlook is perhaps darkened further by the fact that only seven of the chiefs Evidence of their new awakening comes, for instance in a survey by the London-based Management Consultancies Association of

that unless organisations swiftly broaden the scope and improve the relevance of

Either way, however, the question of which view is right should at least give my successor a handy opening topic when the start of the next decade comes round.

Pay prospects THE SAME applies to a question arising from the accompanying table which, as in previous years, is drawn from PA Consulting Group's annual survey of UK

CJA

Sector of employment Food, drink and tobacco

Even so a mere four were named industrial relations as an important 1990s concern.

My guess is different. It is their recruiting procedures, the tightening of the jobs market will bring trades unions back to the fray.

recruitment plans. Anyone wanting full information on the findings should contact Jenny Ward at Hyde Park House, 60a Knightsbridge, London SW1X 7LE; telephone 01-235 6060, fax 01-235 0434. My data is limited to the

organisations' graduate-

Paper, printing, publishing

Manufacture except engig

Computers and electronics

Energy supply (incl water)

Engineering (incl motor)

Distribution and retail

Public services

Building societies

Mining & minerals

Insurance

Oil and gas

issue of pay. The figures, all averages, are broken down by the sector of the 130 employers surveyed. The table starts with forecasts of starting salaries to be paid to graduates recruited in the coming months. Next come

confidence under reference DFM4695/FT, to the Managing Director: CJA.

salaries actually paid to those taken on last year, which broke into five figures

After 1 year:

14.467

12.944

12,438

11,150

12.640

10,571

12,849

12,872

13.269

12,170

12 353

11,412

12,262

11,436

quate

13,706

12.667

12 083

10,810

11,900

10,427

12.177

11.921

12.623

10.420

11,920

11.322

11,278

11,012

11,923 12,533

Average start pay:

in 1989

11,082

10.723

10.413

9,730

10,714

8,098

10,231

10.889

11.094

9.690

10,853

10,326

9,672

10,010

10,442

forecast actual

for 1990

11.917

11.722

11,350

10,417

11,607

9,595

11,253

11,400

10,321

11,698

11,237

10,676

11.802

for the first time.

Then we turn to degreewinners recruited in earlier years. The rest of the table shows the previous recruits' total cash pay - salary plus bonuses - first after one year's service, second after three, and lastly after five. A distinction is made between merely adequate workers, and high-fliers turning in an above average performance.

To my mind, the prime

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question raised by the table is whether the UK can afford to have its engineering sector languishing at the foot of the pay-prospects league. For there have been repeated warnings that fewer and fewer British youngsters are willing to study engineering. Indeed, next Tuesday it

Pay progress of adequate and high-flying staff:

Atter 3 years:

flying

£

23,624

18,100

18.316

16,688

16,818

14,576

16,795

17,378

16,721

16.222

15.341

14,182

14,293

14,030

quate

18,920

16,017

16.592

14,687

14,866

13.785

15,182

14.986

15.504

12.877

14,120

12,901

13,571

12,840

14,891

7

After 5 years:

flying

32,335

24,479

22.547

21.817

20.825

20,761

20.683

20.650

19,444

18.703

17.655

16,235

16.222

15.474

quate

22,340

18,725

19.408

18.206

16,921

18,587

17,645

17,136

17,469

17,005

16.085

14.383

15,087

13,727

16,574 17,311 20,332

will be 10 years since the Government was alerted to looming scarcity of engineers by the Finniston report. I only hope my successor in 2000 will not have to report a further decade of neglect.

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MANAGEMENT

s foreign investors turn their backs on Brazil, a small but influential group of local companies is beginning to invest overseas. The investments are very modest, but they are an encouraging indi-cation that Brazil's traditionally sheltered and isolated businessmen are venturing fur-ther into the harsh interna-tional environment.

Silvio Bresser Pereira, a senior executive, says: "It is fundamental to change this mentality of isolation and learn how to deal with the outside world. Brazil is fantastically isolated." Many compa-nies are realising that investments in advanced markets, notably the United States and the European Community, are safer, more productive and of greater strategic value than in Brazil.

There is a growing recognition that companies must keep abreast of international trends to improve performance in the domestic market. Andre Ranschburg, a Hungarian emigré who runs Staroup SA, a leading apparel company, says: "To continue growing and to prepare for the 21st century, we must think globally and we understand this as an international hedge against a volatile market and the limited access

Brazil's wealth of natural resources and regiments of cheap unskilled labour are becoming increasingly irrelevant to world markets that demand high quality, technology-rich products. The potentially huge domestic market of 140m consumers is too poor, too unsophisticated and excessively regulated to support internationally competitive industries. And many Brazilians speak fearfully of a future world divided into impregnable trade blocs.

The expansion by many of these companies overseas is a natural extension of highly successful export efforts; none can risk losing markets as Europe, Canada, the United States and Mexico and Far Eastern countries form supranational economic units.

About a dozen leading companies already have international manufacturing units. As many as 400 smaller companies plan to diversify overseas as well. In the first seven months of the year, Brazilian compa-nies invested \$250m overseas, compared with \$75m during the same period of 1988.

The impending unification of Europe has made it the principal target for Brazilian investments. The EC is Brazil's most Foreign investment

A hedge against volatility

A small group of Brazilian companies sees links overseas as a necessary step to improve their management and technological know-how. John Barham reports

important export market, in particular Portugal, where Bra-zilians are the fourth largest foreign investors (\$100m fore-cast this year). There are the obvious attractions of a shared language and culture, combined with low costs and the added appeal of EC grants and However. Brazilians com-

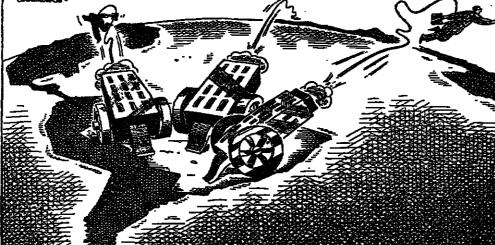
plain that Portuguese workers' skill levels are little better than Brazilians' and that the bureaucracy is as lethargic and enmeshed in red tape as their own. Although companies undoubtedly gain a competitive edge by operating within European or North American markets, greater profits are rarely a factor in investment

Abraham Kasinski, founder and president of Cofap, a leading car parts company, has chosen to locate his next fac-tory in Europe rather than in Brazil. Kasinski may build the \$100m factory in Portugal or Ireland. Productivity and effi-ciency will be higher and the technology more advanced than in Brazil.

However, profits will be lower. Instead of the 24-30 month payback periods com-monly seen in Brazil, Cofap may not recoup its investments for up to five years in Europe. But Kasinski says: Our competitors are building factories in the EC and we must do the same to keep a market that took us 15 years to penetrate." Last year Staroup set up a joint venture with a Soviet company to make jeans in Moldavia. This month it opens a new factory in Portugal. It is negotiating to build

another in Hungary.
Ranschburg says: "The idea is to use part of the production to export jeans to the US, our most important market, using Hungary's export quota." Staroup cannot raise its US exports from Brazil, because it has reached its quota ceiling. The Hungarian factory could dou-ble Staroup's US exports to

\$20m a year. Neither do investments contribute heavily to group turnover. Pao de Acucar, Brazil's largest supermarket chain, was among the first companies to set up abroad, opening a store in Lisbon in 1970. It now domi-



sales are 15 per cent of the chain's total turnover of \$2bn. Subjective factors are impor-

tant in markets where price not always a key factor. Foreign investments bring added confidence, reliability, stature and prestige. Bresser Pereira, Pao de Acucar's general director, like many others, has found that greater contact with foreign markets has taught valuable lessons that have improved the parent company's operations.

For instance, the Portuguese operation has access to abundant and relatively cheap computer equipment, so it uses computer technology more intensively than the Brazilian parent. Brazilian government policy virtually prohibits imports of advanced technology to protect local companies making over-priced obsolete imitations of foreign products.

Portugal is a test-ground for new management methods. Bresser says: "Most of our modern administration techniques were first tried out in Portugal and then applied in Brazil." Pao de Acucar began its policy of decentralised management in Portugal, where stores operate virtually as independent units. The company draws heavily on developments in the US. Its Brazilian warehouse stores were closely

modelled on the first US warelowing the US trend away from

Says Bresser Pereira: "We were tempted to open a store in Cincinnati, but we realised we had no competitive advan-tage and little chance of suc-cess." Instead, it has opened stores in Rastern Europe and Angola, where efficient management is virtually unknown. Two companies have suffered badly from their foreign ventures. Gradiente Eletronica SA, a major consumer electron-ics company, admits to elemen-tary mistakes when it set up a subsidiary in Mexico City in 1970. Generous investment

of the subsidies and devalued the currency. Getulio Reis Arrigo, the company's vice president for finance, says that it was an interesting experience. "We know now that it is not good enough just to watch produc-tion and sales. You have to adjust to local culture, watch the government and watch for

to Mexico. But the venture

folded in 1982, when the Mexi-can government revoked many

Any executive at a foreign multinational with operations in Brazil would have told Gradiente the same thing. Rede Globo, which claims to be the

work, is retreating from Europe after a costly battle to establish itself in the anarchic Italian market in 1985. Globo was apparently unprepared for the vicious competi-tion from Silvio Berlusconi, the Italian media magnate. To avoid similar pitfalls, most Brazilians have teamed up with local partners — a significant departure from established customs. Brazilian compapies tightly-controlled by autocratic founders or their heirs who

world's fourth largest TV net-

avoid partnerships in Brazil. Yet in most cases, manage-ment of overseas units is in the hands of locals trained by Brazilian executives. Curiously, Brazilian companies' ability to prosper with inflation of almost 50 per cent a month may add a little edge to their foreign operations. Rampant inflation peps up efficiency by making companies aware of the cost of waste, whether of time, stocks or money. But Brazil, suffering a heavy debt burden and worsening capital flight, is hardly in a position to

flow of foreign currency.

Thomas Felsberg, a lawyer specialising in creating over-seas subsidiaries, says the Central Bank "is against (investments] but officials are realistic. No one is blind or stu-

permit any unnecessary out-

pid." Companies can legally transfer capital abroad in several ways.

First, they can legally sell Brazilian new cruzados to Montevideo, where they are converted to hard currency at the vertes to hard currency at the black market rate — currently half the official exchange rate. Uruguay has no exchange con-trols, so the funds can easily be transferred anywhere in the world. Second, companies can buy gold and exchange it for currency at the Central Bank. But gold is priced at the black

market exchange rate. Finally, investors can try winning approval for conversion at the official exchange rate. Private companies applications are rarely approved. Bankers suspect that some companies are set up with capi-tal accumulated offshore through years of fiddling export and import invoices.

ironically, multinationals based in Brazil can freely remit dividends and repatriate capi-dividends and repatriate capi-tal through the official exchange rate, subject to with-holding taxes. This year a net \$3bn in dividends and foreign capital are expected to leave the country. Last year Portugal and Brazil opened a \$300m reciprocal credit line to finance

No Portuguese investor of note was interested in Brazil, but hordes of Brazilians were only too happy to invest in Portugal with currency bought at the official rate. Approvals have been delayed as disap-proving bureaucrats comb through proposals looking for cowboys. Some companies are mounting cheaper and more imaginative alternatives, usually involving combinations of loan and equity financing.

Grupo Gerdau, Brazil's largest private steel producer, agreed in October to buy Canada's Courtice Steel for \$52m. It will only put up \$7m and will borrow the balance locally against Courtice's

annual sales of \$85m. Cofap's \$100m factory will be financed with a parent company equity stake, EC loans and grants, government incen tives, a partnership with local investors and some bank financing. The banks will probably buy debentures. Cofap will retain control through judiclously-drafted company statutes. It is perhaps no accident that many investors are of immigrant stock.

Bresser Pereira said his company's decision to set up in Portugal was "an emotional thing - the boss is Portuguese who became very successful in Brazil. He wanted to be suc cessful in Portugal as well."

Management abstracts

Walking the tightrope: supervisors. W Wooff in Works Management (UK) Jun 89 (5 pages) According to a recent survey

of 1,500 supervisors, little has changed in supervisor training in a quarter of a century because, apparently, half receive no formal training and most regard training provision as poor or very poor, 70 per cent do not believe that manag-ers take enough interest in their personal development and, although ambitious, over half expect no more prom Charts the perceived difficulty of, and satisfaction reported from their various responsibilities and adds some quotes; suggests that managers give this article to their supervisors as the basis for discus

New Technology: the cost of thinking. D. Weatherall in ent Services 90K) Jul 89 (8 pages).
Asserts that the cost of

thinking (gathering and inter-preting information to make a decision and then managing its implementation) is increasing along with computer power and software complexity, i.e. newer, powerful systems cost more and so do the people who have to be trained to operatetism. Believes the solution is to insist on simplicity and gives advice on achieving this, Le. insis on proper justification for all IT expenditure.

relocation. C.C. Pinder in Organisation Dynamics (US) Spring 89 (11 pages).

Reports extensive research into what moving does to executives (and their wives and families). Sees relocation as a prime example of the situation in which the interests of the employer invade the employee's personal life, and snee those responsible should consider the human costs of transfer policies.

Job appraisals: what is your most important job function?

M. Kroll + W.L. Wright in Personnel Administrator (US) Jun 89 (4 pages).

Criticises job appraisal schemes for giving equal weight to each of the factors ssed, when subordinates want to know what really counts with their particular boss. Since different managers may (a) have different priori-ties and (b) not be completely clear themselves about relative weights, suggests that a sys-

tematic procedure is required to obtain a given manager's weightings; recommends "adaptive conjoint analysis" based on selecting preferences within pairs of judgments; indicates, but does not fully explain how it works, and refers to, but does not identify, appropriate computer software for processing the data.

Incentive travel: what do winners really want? A.E. LaForge in Successful Meetings (US)

From a survey of incentive travel users, distinguishes between different age groups and their particular values; considers how, therefore, these values will influence their views of inventive programmes and - in turn - be used to develop such programmes. The over-51s, being "traditionalists" (a term culled from the motivational theories of Morris Mas-sey), place great emphasis on the perceived value of the trip; the under 30s (challengers/rejectionists or synthesisers – depending on age) stress updates on how they are doing in the incentive programme — this being followed by recogni-

How to manage change effectively. D.L. Kirkpatrick in Training & Development (UK) May 89 (3 pages).

Discusses principles for the management of change so as to eliminate or overcome resisfance and get a high degree of acceptance; it needs empathy, to understand why people resist or resent change; com-munication of the change and the reasons for it; participation, to encourage input from people affected by the proposals. Presents a checklist for

Keeping adults interested in training. M. Rigg in Transition (UK) Jul 89 (3 pages).

Summarises a recent Policy Studies Institute survey, spanning all educational levels, on factors that keep adults interested in training and stimulate their either to undertake it for themselves or to participate willingly in courses provided by their employers; also analyses why 40 per cent of respon-dents did not consider any further training to be worth investigating, e.g. they felt they were too old to benefit

These abstracts are condensed from the obstracting journals published by Anhor Management Publications. Licensed conies of the original articles may be obtained at a cost of 15 each (including VAT and p+yr cost with order) from Anhor. St Toller Lane, Braciford, West Yorkshire BOS BFY.

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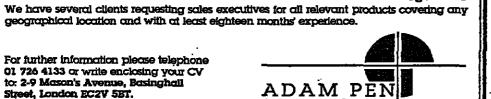
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Our dance critic, Clement Crisp, looks back on 1989, a year which saw Rudolf Nureyev leave the Paris Overa, the retirement of Natalia Makerova after a triumphant return to Leningrad, and a new name and home for Sadler's Wells Royal Ballet

"t was a year of peaks and chasms, a few arrivals and more departures. We mourned the passing of Robin Howard. who made modern and post-modern dance possible in Britain, Mikhail Baryshnikov quit American Ballet Theatre and Rudolf Nureyev left the Paris Opera. Natalya Makarova returned in triumph to her native Leningrad and then gave up dancing. Maria Almeida and Jonathan Cope announced that they would leave the Royal Ballet at the end of the season, and young Darcey Bussell took the stage proudly as the beroine of MacMillan's new Prince of the Pagodas. London Festival Ballet, as English National Ballet rejected four decades of history with its name, and lost three nota-ble dancers — Trinidad Sevillano, Matz Skoog, Patrick Armand. Sad-ler's Wells Royal Ballet learned that it would acquire a new name and a new home when Birmingham pulled off a coup by inviting the troupe to nce there next year.

-At Covent Garden there were two major arrivals in the repertory: Makarova's staging of La Bayadère provided meaty drama and meaty dancing, MacMillan's Prince of the Pagodas was a classical show-piece that brought a score of first impor-tance back into the theatre. It also showed how dance's academic language can still sustain drama, and that a new generation of dancers – Darcey Bussell and Viviana Durante at their head – hold hope

Balanchine's Rubies arrived in the repertory, its punchy energies not best suited to local casts, Ashley Page's *Piano* did no service to Beethoven's first piano concerto or to the idea of a renewed classic

In matter of its musical identity, the Royal Ballet was schizoid. Early in the year Romeo and Juliet was conducted by Bernard Haitink with extra musicians, lustrous sound, and wonderful performances from a cast plainty inspired (as our National Ballet has always been inspired) by fine playing and vital interpretation. We must contrast that with Brummagem effects in the Bayadère score - why not trust Minkus' period manner in orchestration? - and with evenings of leaden musical competence that sapped the life from ballets and

Guest artists did much to enliven the Covent Garden year. Makarova took her farewell to hallet in the West with two luminous portrayals of Juliet, Julio Bocca her ardent Romeo. Bocca returned in fiery form - as dancer and actor - in La Bayaders, and inspired in Viviana Durante and Deborah Buli expressive performance. Nothing this

some Eastern divinity to show why the role of Nikiya is so revered in Russia, with Farough Ruzimatov brooding and agonising as her partner. Sylvie Guillem, a "permanent" guest, has offered prodigies of acrohetic technique at the expense of the roles she has denced. A notable gift is dissipating itself. Laurent Hilaire briefly and handsomely appeared in Other Dances. Performers of the year, besides

Darcey Bussell and Viviana Durante, include Jonathan Cope (at his best as the hero of *Pagadas*) and Deborah Bull, with Erroll Pickford bounding in the steps of Barysimi-kov and Edward Villella in Rhap-sody and Rubles, and proving a per-fect G R. Sinclair in Enigma Variations, wherein Jonathan Burrows was excellent as Stuart Powell But this sensitive work, and A Wedding Bouquet, brought cause for alarm: the preservation of the Ash-ton repertory depends upon inter-pretation being idiomatic, and both works looked unkempt.

For Sadler's Wells Royal Ballet

the year was one of continuing good fortune, crowned by Birmingham's invitation to set up home there next year. The revival of Geoffrey Can-ley's Lizarus reasserted the chore-ographer's power to create potent images (with Philip Prowse's design, as usual, among the very best of the year). Young choreographers Vincent Redmon and William Trackett created piece worth seeing, and alone among British compa-nies, SWRB showed that our dancers can tackle Balanchine with honour The stagings of Theme and Variations and Divertimento No. 15 were sure, with Miyako Yoshida and Petter Jacobsson deserving highest praise. in a Covent Garden season

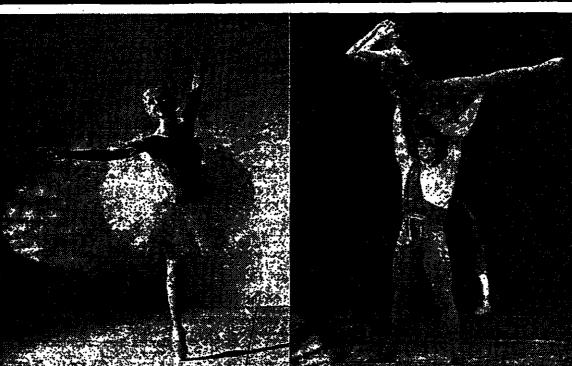
SWRB presented Elizabeth Maurin and Georghe lancu as valued guests in Sleeping Beauty, the company also gave the first performance of David Bintley's full-length Hobson's Choice. Danced with entire devotion by its cast - Michael O'Hare superb as the hero - it missed not one predictable trick (except perhaps a doggie with a bandaged paw) in inviting audiences to love it. And

they did.
Among other Royal Ballet activities, the School presented Les Pati-neurs and Two Pigeons, and as choreographic ventures I admired Jonathan Burrows' post-modern "chill morning cloudy mild" at The Place, and at Riverside Studios a mad moment by Simon Rice (rightly entitled *Manic* as its cast grimaced and fidgetted and made witty dance), and a student piece, Treble Back, by Matthew Hart from the School. All these novelties told of

creative imagination.

The renamed English National Ballet seemed to have lost its audience with its former title. A season at that unlovely spot the Dominion.
Theatre was poorly attended, and Peter Schaufuss' version of Napolicits second act clouded with dry ice and unnecessary revisions of the text' looked less than the machine. text) looked less than the masterpsychic vitality and physical élan. came with star dancers: Eksterina Rambert Dance Company went on Altynai Assylmuratova arrived like Maximova in a single and impeccastaging new works, offering new





Top, the Rambert Dance Company's Cinema (choreography by Richard Alston); right, Nadezhda Pavlova and trek: Mukhamedov in the Bolshoy's Spartacus; left, Lyudmila Semenyaka in Sleeping Beauty, part of the

design, new music. In a Wells sea-

ble performance of Onegin, and Lynn Seymour at her most heart-tearing in a revival of MacMillan's one act *Anastasia*, and in *Onegia*. During a Festival Hall season Ron-ald Hynd's version of Coppélia was danced with utter charm by Trinidad Sevillano. Christopher Bruce provided an admired version of Stravinsky's Symphony in Three Movements for the company.

son, and as part of the Almeida Festival, this constantly adventurous troupe showed that innovation is not necessarily forbidding. Richard Alston's new Cinema (with bold design by Allen Jones) and Pulou Dewata, the reworking of his Mythologies; Embarque and Okana-gon strongly crafted by Siobhan Davies; Mary Evelyn's Calm; pieces With undimmed enterprise the by Cunningham and Trisha Brown, told of a company alert, with artists

in line, and the powerful presences of Mark Baldwin and Paul Old who provide the sharp focus in dancing that makes the Rambert image so potent.

London Contemporary Dance Theatre knew a traumatic year. It was tragically marked by the death of Robin Howard, while Robert Cohan, the company's other founding figure, took his effective departure from artistic command with an evening of new choreography at the

was his *Metamorphosis*, in which Darshan Singh Bhuller peeled off layers of clothing to reveal layers of feeling. Bhuller contributed new works to the repertory, as did Jonathan Lunn, and Dan Wagoner arrived from America as artistic director and produced two pieces. But for these columns, LCDT's creation of the year, and one of the most memorable pieces of 1989, was Kim Brandstrup's Orfeo, in which an elegant combination of contemporary dance and Baroque manner, fine design by Craig Givens and a fine score by Ian Dearden, provided a coherent view of the myth, with excellent performances from Tracey Fitzgerald, David Hughes, Kenneth Tharp, Jonathan Lunn. That in everything they danced, LCDT's artists were generous and exhilarating, is an annual accolade.

About Scottish Ballet, I record

that the company staged a version of *Petrushka* by Oleg Vinogradov, director of the Kirov ballet, and acquired some Kirov divertisse ments. The company also acquired a Peter Pun from Graham Lustig, an enterprise unwise in every respect, though Vincent Hantam as Peter saved his honour as an artist.

Northern Ballet Theatre presented a new triple bill which did not arouse Alastair Macaulay to any enthusiasm in these pages; London City Ballet gained dear Graduation Ball, toured tirelessly, and showed us a half-baked La Traviata which, with more time in the creative oven, will serve well for LCB's devoted public. It benefited from serious interpretation by Kim Miller and Edwin Mota.

fter 16 years absence, Paul Taylor came back to London and a new generation of viewers learned why his dances and his dancers are so loved. The Taylor magic fuses imaginative daring, musical sensibility, unerr-ing theatrical wisdom and a move-ment language that looks con-stantly fresh. His works can be joyous or bleak: they involve us utterly, and we are grateful. The Old Master, Merce Cunningham, brought new pieces that find him still exploring and refining his art. His sound-tracks on this visit seemed dated when set against the freshness of his movement. Pilobolus also came to London, ideal for those who can watch such activities without the suspicion that there must be something better on the

For the post-moderns there was much to admire in the work of Wim van der Keybus from Flanders, where danger and dance went hand in hand as bricks were thrown and movement edged near the precipice of chaos. Laurie Booth proved that our local New Dance is alive and kicking, and curled in magnificent form through his own Terminus Terminux. Siobhan Davies did not look at her creative best in a pro-gramme for her own troupe; Rose-mary Butcher produced a dull batch of ecological pieties; various other - led by Amanda Britton, so pure Queen Elizabeth Hall. Admirable temperature. (We could do with a continue.

Greenbouse effect in dance.) Worst event of the year was an invasion of French "modern dance" troupes, whose intellectual pretensions were matched by malformed creative ideas. The litany of dread names needs no listing here, except to note that a session with the Groupe Emile Dubois makes one long for the dentist's chair.

Welcome visitors included the Hungarian National Ballet to Covent Garden; rather less welcome another Hungarian troupe – from Gyor - with some Eastern bloc Béjartery and that inescapable Magyar delicacy, The Miraculous Man-darin. The Gulbenkian Ballet was happily seen at the Wells, as was the Cumbre Flamenca ensemble, with the glorious La Chana's heels drumming and purring. There were Zarzuelas at the Wells, and the disappointing Spanish National Ballet at the Edinburgh Festival, which also offered Johan Kresnik's fero-cious blood-splattered Macbeth as a potent antidote to the banalities provided by the Houston Ballet.

Dominant visitors of the year

were, of course, the Bolshoy Ballet. A Coliseum season brought six weeks of nobly-scaled dancing, which means not just the block-busting energies of *Spartacus*, in which Irek Mukhamedov led a prodigious cast, but the refinement of Semenyaka and Fedotov in a fragment from La Sylphide. Bessmertnova and Semenyaka shone in Gri-gorovich's distillation of Giselle, and the troupe showed itself capable of the subtlest as well as the most triumphantly positive dancing. Mukhamedov made an joyous appearance in Nottingham with the Royal Ballet of Flanders, zipping in highest spirits through the com-

pany's lively Don Quixote. Other foreign reports concerned the idiomatic revival of Massine's Les Présoges by Tatiana Leskova for the Paris Opera Ballet, and the confusing Tanzschul that Jiri Kylian made for that same company, marvellously led by Laurent Hilaire. In Paris, the bicentenary of the Revo-lution had one of its oddest celebrations in Béjart's "1789 . . . et Nous" which involved 50 bicycling Chinese, an Indian dancer, and a passing nod at pollution. Of course! New York City Ballet, in dazzling form, shed light in Paris and Glasgow; the company's School of American Ballet joined in a unique session at the Holland Festival with Leningrad's Vaganova School, which brought honour to both. In Leningrad I saw Makarova return to her native theatre and the hearts of her audience, and dance her farewell. In Brussels, Mark Morris produced choreographic gems in two sets of Lieb-slieder Waltzer, and then gave Baryshnikov an intriguing identity in a commentary on the Hollywood film noir of the 1940s.

Thus 1989. Convulsively uneven, it contained signs and portents for a difficult decade to come, whose chief concern must be the extension of the academic dance in the creation of classic ballet and true clasgroups did their own inconsiderable sic performers. The task, said thing without raising the artistic Ingres, is not to invent, but to

A revolution in television? I should be so lucky

In one way it was entirely receding into his skull for sev-fitting that we should eral years, had virtually disap-I mark the end of the '80s and the start of the '90s by watching Kylie Minogue dressed in a mini romper suit and a pair of Max Wall's old shoes piping "I should be so lucky" while dancing a onestep. At the side of the BBC1 set was Minogue's compatriot.

Clive James, wiggling his pelvis in an embarrassed 60s manner and determinedly sustaining a riches of bonhomie for whenever they should cut

eral years, had virtually disap-peared by midnight, making him look more than ever like a Beardsley homunculus. The Australian flavour of the celebration was fitting because as the '80s were drawing to a close, the BBC was discovering to its astomished delight that it could attract its higgest audiences with an Australian phenomenon called Neighbours, which starred the diminutive

BARB audience figures for for whenever they should cut BARB andience figures for to camera three.

He is a fair dinkum pro these days, our Clive, willing to go to that slots No. 1, 2, 3, 4, and 5 in any lengths, and any depths, the BBC's list of top-rated profor the sake of another laugh, on this particular night his sodes of Neighbours shown eyes, which have been steadily twice each weekday on BBC1.

Since they are made in something approximating to English, and cost a fraction of originating your own material, the only prospect of a slackening in the flood of Australian soap as the '90s proceed depends upon the current disasters in the Australian television industry growing even worse. That is on the cards. given the chaos which has resulted from the inflated prices paid for Australia's com-mercial broadcasting franchises, though the production companies which make the soans may survive.

It is a pity that Mr James has moved to television because the Australian soaps and his talents as a columnist

were made for each other. His

wonderful wise-cracking style would provide an ideal commentary upon such billabong sagas as Neighbours, Home And Away, and The Young Doctors, and his intimate understanding of dunny spiders, tinnies, eskies and so on would provide invaluable contextualisation. As it is, we shall simply have to attempt the job for ourselves, with no expert knowledge, and this column, will be devoted, some time in the new year, to a study of a few weeks' episodes.
This should not be taken as a sign that the FT's Wednesday television column will be altering its approach during the

newspaper critics to concen-trate on two functions: previewing programmes in order to suggest what may be worthwhile; and writing in retrospect on broad categories, at some length, in an attempt to identify and comment upon television's major themes.

It is only too easy to look back over any 10-day period on television (particularly the last 10 days, which have catered for an audience supposedly consisting of old-fashioned family groups) and pour contempt upon the entire medium. There was certainly a lot of familiar old stuff around. Once more Bing sang "I'm Dreaming Of A White Christmas." Yet again Clark Gable told Vivien Leigh Frankly my dear, I don't give

a damn." For the umpteenth time the Marx Brothers harmonised in "Hail, hail Freedonia." For the eighth year running The Snowman made your teeth ache with the sweet-

ness of his sentimentality. But to leave it at that would be dishonest. Television at Christmas 1989 also meant the Romanian counter-revolution; the execution of the Ceauses-cus; the street battles fought by the Romanian people against the secret police, the Securitate: and those unforgettable scenes in the Bucharest television studios: the bizarre alliance of poets and military men calling upon Romanian viewers tomuster behind them, and then that electrifying moment when, as ITN's

reporter Paul Davies explained from inside the building, the inhabitants of the studios trained their guns on the lift doors because they were convinced that the Securitate were about to arrive via their maze of secret tunnels.

The reports we saw were brave and good, yet television as a whole still suffered appallingly from the inflexibility of its scheduling. While the 500year-old medium of print enabled newspapers, as usual, to arrange their daily mixture of news, background material and entertainment in such a way as to give the greatest prominence to the electrifying events in eastern Europe, the 50-year-young electronic medium of television found itself locked even more tightly than usual into its pre-ordained structures.

For example, up to Friday December 22 BBC2's Newsnight remained with us, an invaluable place where you knew you could look at the end of each day not only for a serious and efficient summary of the day's events, but for sensible analysis and comment too. On the 22nd Donald McCormick introduced news stories from key points and then, in the London studio, interviewed down the line Vlad Borbea, a teacher who had been demonstrating that day on the streets of Bucharest; Vitaly Kobysh of Izvestic in Moscow; and a Yugoslav journalist who supplied invaluable social and his-torical background on Romania's situation.

Then came Saturday December 23 with events building to an almost unbearably dramatic climax, and Newsnight simply went off the air for the holidays. It stayed away until yesterday, leaving space for such essential items as an Ayckbourn comedy, a spaghetti Western and a repeat of Yes Minister. Channel 4's normal 55-minute early evening news also went off the air from December 22 to 27, the very days when news from Romania was at its most critical. It was replaced by programmes about angels, a racehorse, a circus and so on. No mass medium which behaves like that can expect intelligent viewers to take it very seriously as a dependable source of news and current affairs.

ITV. but few viewers will have noticed them except by chance, and they were outweighed by the mixture of tinsel and familiar old ornaments brought down from the loft. There was also, contrary to the impressions that commentators so often give, a generous supply of well-made, middle of the road, middlebrow entertainment.

news specials on both BBC and

Granada's version of Nevil Shute's 1942 story Pied Piper was longish and slowish, and pretty far-fetched, but the same company's adaptation of Elizabeth Bowen's The Heat Of The Day was splendid. I can hardly praise it more highly than to say that, apart from the absence of '40s crooners, it could have been an episode out of *The Singing Detective*. The lead was superbly played by the same man (Michael Gambon), the period fitted perfectly and was elicited with extraordinary accuracy, and even the atmosphere of indistinct threat would fit well into the Potter

BBC2 brought us profiles of Iris Murdoch, John Huston (at great length) and, in effect, Chris Evert. Channel 4 offered a look at the career of Tommy Cooper in Just Like That! with comedians queuing up in a - finally fruitless - attempt to explain exactly why he was seen as the professional's professional; and an enjoyable evening of archive clips, arranged as The A-Z Of TV.

There were ballets, too, and orchestral music, and those of us who were still missing some of the more obscure movies of Fred Astaire and Ginger Rogers from our personal collections will be rubbing our hands in glee at the opportunities offered by BBC2's daily offerings (Follow The Fleet this morning).

But none of that can make up for television's failure to bring us as much coverage of Romania as some of us wanted. As the '90s proceed, assuming that some kind of satellite service remains in operation, it will be this sort of failure by terrestrial television that drives the more demanding viewer into buying a dish, because one of the central strands of the satellite opera-tion is a 24-hour news service.

True, there were half-hour Christopher Dunkley

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ARTS GUIDE

THEATRE London

Anything Goes (Prince Edward).

Anything Goes (Prince Edward), Cole Porter's silly ocean-going 1930s musical has four or five marvellous songs and Elaine Paige failing to emulate Ethel Merman. Jerry Zak's desperately bright production comes from the Lincoln Center in New York and is undemanding fare (734 east or 328 2434). 8951, cc 836 2428). Jeffrey Bernard Is Unwell

(Apollo). Brilliant performance by Peter O Toole as an alcoholic curnalist who embodies a Falstaffan, nay saying life force while committing public suicide by vodka. Keith Waterhouse has stitched a fine play, the season's highlight, from Bernard's own writing, Ned Sherrin directs (437

The Good Person of Sichuan (Olivier) Magnificent National-Theatre revival by wunderkind Deborah Warner of Brecht's great parable of moral ambiguity about a Chinese prostitute who can only do good by adopting a victous disguise. If poverty is not combated by political systems, what can an individual's compassion do? Witty new translation by Michael Hofmann. Fiona Shaw leads a fine cast in a play new-minted for the 1990s.

A Little Night Music (Piccanny).
Fine revival by Ian Judge imported from Chichester, of Sondheim's 1973 schlagobers version of a Bergman film. A beautiful score, composed mostly in waltz time, is touchingly performed by Lila Kedrova, Dorothy Tutin (her best work in years), Peter

McEnery and Susan Hampshire (887 1118). Another Time (Wyndham's). New Ronald Harwood play, directed by Elijah Moshinsky, about a white South African fam-

'90s. On the contrary, the more

television there is, the more

sense it seems to make for

ily in Cape Town and Maida Vale. Albert Finney plays father and concert plantst son across 35 years, suggesting that talent is a means of escape and a rea-son for not going back. Janet Suzman and Sara Kestelman are electrifying in support (867 M. Butterfly (Shaftesbury). Peter

Egan has taken over from Anthony Hopkins as the tortured diplomatic hero in a Peter Shaf-fer-style "spectacle of ideas" dressed up in John Dexter's superb production as a metaphor of homosexual life. The transves-tite tragedy proves less electrify-ing than in New York; the play is not very good but still worth seeing (379 5399).

New York Heidi Chronicles (Plymouth). Wendy Wasserstein's award-winning drama covering 20 years in the life of a successful American baby boomer goes from sup-port for Eugene McCarthy's pres-idential aspirations to electoral ambitions in the 1980s, accompanied by the musical and emo-tional flavour of the period (239

Gypsy (St James). This 30th anniversary production does more than revive a rich, vivid musical; it also introduces a new belter in the Merman tradition, Tyne Daly, as the bossy, tireless and tuneful Rose, who shamelessly leads her daughter into burlesque while rejecting a personal life for herself (246 0102).

Washington

Sweeney Todd (Circle in the Square). An intimate production of the Sondheim-Wheeler musical in contrast with the elaborate original a decade ago empha the descent into madness of Bob Gunton as the demon barber of Fleet Street (239 6200). Rumours (Broadhurst). Neil Simon's latest comedy is a saif-

conscious farce, with numerous slamming doors and lots of mug-ging but hollow humour that misses as often as it hits. Chris-tine Baranski leads an ebullient cast in the inevitable but disappointing hit. Cats (Winter Garden). Still a sell-out, Trevor Nunn's produc-tion of T.S. Eliot's children's

poetry set to music is visually startling and choreographically feline (239 6262).

Les Misérables (Broadway). The magnificent spectacle of Victor Hugo's majestic sweep of history and pathos brings to Broadway lessons in pageantry and drama (239 6200).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. It has nevertheless proved to be a durable Broadway hit (947 0033).

M. Butterfly (Eugene O'Neill). The surprise Tony winner for 1988 is a somewhat pretentious and obvious meditation on the true story of the French diplomat whose long-time mistress was a male Chinese spy (246 0220). Phantom of the Opera (Majestic). Stuffed with Maria Bjornson's gilded sets, Phantom rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London (239 6200).

December 29-January 4

Annie 2 (Opera House). The American theatre is not immune to sequel-itis, which plagues the other arts, and here ordains a return trip to the orphanage for Dorothy Loudon surrounded by 18 sets, 33 actors and one dog. Ends Jan 20 (467 4600).

Chicago

Driving Miss Daisy (Briar Street). The touching relation-ship between a dowager, played in this production by Dorothy Loudon, and her black chauffeur exposes the changes in the South over the past several decades (348 4000). Steel Magnollas (Royal George). Ann Francis and Marcia Rodd

play the leads in this view of southern life from under the dryers in a busy hairtressing estab-lishment (988 9000).

Tokyo

Kabuki. The festive new year programmes (at 11am and 4.30pm) at Kabuki-za feature all the top stars, including several Living National Treasures. Among the highlights of the matinee is a famous scene from Ber.ten Kozo, whose underworld hero dresses as a lady of rank to carry out a raid. Opens Jan 2 (541 3131). At the National Theatre a triple bill featuring mainly younger actors and including Yanone (The Arrowhead), an evergreen new year favourite acted in the extravagant "aragoto" style. Opens Jan 3 (285 7411), Both theatres have excellent earphone guldes in English as well as English-language programmes.

West

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Israel and the PLO

MR YITZHAK SHAMIR, the Israeli Prime Minister, has sent a clear message by sacking briefly his most dovelsh minister for communicating with the Palestine Liberation Organisation. Mr Ezer Weizman's exploratory contacts with the PLO were an excuse for Mr Shamir to declare that he means business when he says Israel and the PLO must not

negotiate.
The curious compromise which led yesterday to Mr Weizman's partial reinstatement and the end of the Israeli coalition's latest political crisis has done little to cloud that hardline message. Mr Weizman has resigned from the inner Cabinet and agreed to abide by the rules in future, and the Labour Party to which belongs has swallowed its pride and done nothing but accept a face-saving deal. The coalition is intact and Mr Shamir, leader of the rightwing Likud bloc, will review Mr Weizman's position in 18 months. Mr Weizman, who is not only Science Minister but also a former head of the Israeli Air Force, has been treated like a delinquent

schoolboy.

These events are depressing on two counts. First, they show that the Israeli Government as a whole is not going to make it easy for the Bush Administration to advance the Middle East peace process. The foreign ministers of Israel, Egypt and the US are supposed to meet in Washington this month to prepare for an Israeli-Palestinian dialogue in Cairo, but progress towards the dialogue is stalled by the incompatible positions of the two sides. The PLO demands a say in the composi-tion of the Palestinian delegation, while Israel rejects any PLO involvement, a stance reinforced by Mr Shamir's political manoeuvring of the

Transitory storm

On the second count, this transitory political storm has shown the unwillingness of the Israeli Labour Party leadership to stand up for a serious alter-native to Mr Shamir's stonewalling on the issue of a Middle East peace settlement. Labour believes in trading Israeli-occupied land for peace, but, like Likud, it is officially

sticking to the principle that Israelis should not negotiate directly with the PLO.

The fiction that Israeli officials do not deal with the PLO has become increasingly trans-parent since Mr Yassir Arafat, the PLO leader, recognised the existence of Israel a year ago and paved the way for the con-tacts between the US and the PLO in Tunis. Mr Weizman, himself a former Likud man. insists that not only the Labour Party but also the Shin Bet secret service were aware of his PLO contacts. Mr Shamir himself could be accused of negotiating indirectly with the PLO through his meetings last year with PLO sympathisers from the occupied territories, which makes the sacking of Mr Weizman and the six-month iail sentence for Mr Abie Nathan, a peace campaigner who met Mr Arafat, particularly hypocritical.

Compromise found

Significantly it appears to have been the hawkish Mr Yitzhak Rabin, the Labour Defence Minister, who played the most important role in stitching up a compromise to keep Mr Weizman in government. Mr Shimon Peres, the Labour leader, was accused by right-wingers of being involved in the PLO contacts and seems to have accepted Mr Rabin's advice. It may be said in Labour's defence that the party has good reasons to fear the collapse of the coalition Government. In the short term a new election could produce something worse than the cur-rent stalemate on the peace process, namely a narrow government of Likud right-wingers and religious extremists. But there are many Jews in Israel and the diaspora, and

many non-Jewish friends of Israel, who believe the time has come for the Labour Party to stand up for its own beliefs to stop protecting Mr Shamir from the consequences of Likud's uncompromising policies, and to admit officially what most Israelis already know: that the PLO represents the views of the majority of Palestinians and is therefore an obvious negotiating partner. As Mr Weizman is so fond of saying, you need to make peace not with your friends but

with your enemies.

A cosy cartel in the milk trade

IN MRS THATCHER'S Britain, where belief in enterprise and competition is held to be paramount, the continued existence of a government-endorsed monopoly at the heart of the country's food industry is a curious anomaly.

The five marketing boards for milk are not the only ones exercising an effective monopoly - boards for marketing wool and potatoes have also survived from the 1930s when they were formed to protect farmers' interests. But the Milk Marketing Boards, with annual turnover of more than £2bn and big interests in dairy man-ufacture, are by far the largest and most blatant.

The five boards (three in Scotland, one in Northern Ireland and one, much the largest, for England and Wales have sole right to buy all the milk produced by the country's 44,000 dairy farmers, and to sell it on. The MMB for England and Wales is at the same time the largest customer for that milk, through its ownership of dairies and of the manufacturing company, Dairy Crest. And that part of the market which the boards do not actively control they organise through annual price fixing with the half dozen other users in the

Dairy Trades Federation.
When Britain joined the European Community in 1973 the arrangements were approved by Brussels partly because they did not then involve such widespread commercial activity and partly because Britain argued successfully that the boards would help maintain milk sales, thus reducing surpluses.

Competition inhibited

Since then, aspects of the monopoly - including a ban on imports of fresh milk have been found contrary to EC rules and have lapsed. In recent years several independent-minded dairy farmers and would-be manufacturers, fret ting at artificially controlled raw material prices which inhibit competition in new markets for cheese or milkbased foods, have tried unsuc-cessfully to challenge the sys-

However, since the monopoly powers are granted by stat-ute, they can only be abolished by the repeal of the agricultural marketing acts. The Government has been noticeably unwilling to act. The Ministry of Agriculture under Mr John MacGregor, then minister decided to leave the boards in being, partly no doubt because farmers lobbied for their retention and there was no equivalent consumer lobby for their abolition.

In the case of the Wool and Potato Boards, government funding is to be gradually withdrawn. As for milk, Mr John Gummer, Mr MacGre gor's successor, appears only to have told the MMRs that while the Government sees the need for change, it is up to the boards themselves and the Dairy Trades Federation to determine its nature and

Voluntary co-operatives

This approach, as a paper from the Centre for Policy Studies rightly suggests, is not good enough. The document calls for the repeal of the agricultural marketing acts. Its authors - both farmers - also insist that the boards should be divested of their commercial activity and should be transformed into voluntary farmer

marketing co-operatives.

The paper's starting point is that the monopolies are anachronistic and frustrate initiative and innovation, doing "real damage to our farm and dairy industries." Its conclusion is that their abolition would result not only in better value and greater choice for the conand greater choice for the con-sumer, but also in higher prices for the dairy farmer. Here they point to experience elsewhere in the EC, where under a much freer system milk product consumption and

farm gate prices are considera-bly higher than in Britain. The cosy cartel which exists in the dairy industry is unlikely to reform itself. The total lack of progress so far in talks initiated last year by the MMB with the Dairy Trades Federation on a more open pri-cing system shows how badly something more radical is

needed.

When Mr Gummer took over from Mr MacGregor last July he emphasised his concern to put the consumer first. He could begin to fulfil that pledge now by turning his attention to

OUTLOOK

t is more than just the start of a new decade for West Germany.
The basis for all forecasts for 1990 has to be 1989, a year of revolution for Europe as a whole and for Germany in particular. So while there is unanimity among forecasters for 1990, doubts are justifiable regarding many of their assumptions.

The people of East Germany decided to bid their communist inter-

centrally planned economy faces its ultimate bankruptcy. The Iron Cur-tain and Berlin wall have fallen apart. The Federal Republic of Germany especially is feeling the impact of an immigration wave from eastern

Europe.

Although such changes are inspiring, they do trigger instability and uncertainty. It is not only the pace of change in eastern Europe which is difficult to assess. Western European integration is at risk as well, a process which has been at its most vigorous during the second half of the 80s. This process in itself was probably

the trigger for unease and uproar in eastern Europe.

The risk for EC integration results from the fact that the Germans might now be preoccupied by the German Question and that the British (or perhaps only their Prime Minister) might consider change in the east to be an excuse not to continue western European integration along the lines of the

single European market. The West German economy is benefiting at present from a long hoped for recovery from Euro-pessimism. The seventh year of upswing, a new dynamism in corporate start-ups and job creation, an almost balanced public budget, an all-time record surplus on current account and an inflation rate low enough to make the D-Mark a very attractive currency - all are achievements which are reflected in the rise of stock prices and which could be considered a sound basis for three cheers for the German economy. Such a fine performance in 1989 should be a good starting point for a

successful 1990. Some other factors add to the chances for this year. Firstly, there is the third stage of the income tax reduction, effective in 1990. It will leave as much as DM 25bn (about 1 per cent of gross national product) extra in the taxpayers' pockets, a fact which will benefit the consumer in particular. The reform also includes a big cut in the corporation tax rate from 56 to 50 per cent, so it will also support business investment.

The influx of people into West Germany is another important factor for domestic demand. Since 1987 the West German population has increased by 1.5m to at least 62m. These people need housing, they need consumer goods and consumer durables in par-

Extra spending is only limited by the budget of the new residents. Together with rather generous social benefits, their preparedness to seek employment actively and to work hard helps them to gain income quickly, although their average income will be no more than about half of the average in the Federal Republic. Their savings rate will be low, if not negative for some time, so the addition to domestic demand should be in the neighbourhood of 1 per cent of GNP. The effects will be disproportionately high in housing and in consumer durables. Two factors should dampen the

Norbert Walter looks at what lies ahead for West Germany

Uncertainty after year of revolution

economy in 1990. The first is monetary policy. The Bundesbank has been steering clear of its over expansionary course of 1986-88 for more than a year and has raised interest rates several times. Monetary expansion is down to target and almost half what it was before; the term structure of interest rates, which is slightly inverse, indi-cates restrictiveness. As a result of this policy, a number of interest sensitive outlays such as inventories, big consumer items and residential build-

ing will be dampened.

Another factor softening the economy is the slow-down of the world economy and its concomitants. for example the weakening of currencies of trading partners.

While the D-Mark's strength has provided welcome stability in West Germany, a further appreciation might cut severely into the sales expectations of German industry. Not only the losses of the US dollar should be mentioned here (down by

some 15 per cent from its peak in mid-summer 1989) but also a similar weakness of the pound and, possibly even more important, the weakness of the yen, difficult to understand if seen in the light of fundamental factors. The continued upswing forecast for

1990 disguises a change of engines in the German economy. While the upturn was export driven until mid-1989 it has become a domestically led prosperity since. The main impulses will come from bullish private consumption and expanding residential construction. Investment in producer durables is likely to be the third pillar of the upward trend.

An especially uncertain factor in forecasts for 1990 is migration. If the GDR does not demonstrate a capability to reform fundamentally its politi cal and economic structures towards democracy and an efficient market system, serious emigration from its

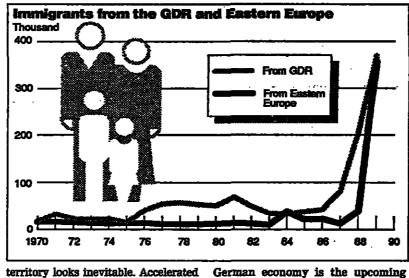
housing would be even more in excess of production capacities and the addition to the labour force would help to create even more jobs.

The influx would, at least temporarily, inflate unemployment numbers and place a burden on public budgets. Some forecasters fear that such ten-dencies, while enhancing the increase of GNP, would also lead to inflation, causing the Bundesbank to tighten its policies.

Another element of uncertainty stems from possible improvements in trade relations with the east and trade relations with the east and accompanying capital investment in various forms, including joint ventures. While the preparedness of western firms to invest in the GDR is overwhelmingly strong, it seems to be difficult to achieve the necessary changes of the legal and financial systems are the progress the elections in tem, partly because the elections in the GDR are scheduled for as late as May 1990, and partly because even opposition groups seem to tend towards a so-called "third way," — a reformed socialism with a planned economy with some market elements. If the political process evolves in this way, the risk of a further wave of emigration from the GDR will be high as hopes fade for private capital

This, however, is not my baseline forecast. In my baseline scenario, I assume immigration to total some 500,000 in 1990, including some 250,000 citizens coming from the GDR. Such an assumption is based on the belief that the move towards democracy in the GDR remains on course and that the reform of the economic order will look like promising a substantial improvement over the present one. This would be a reason for most citizens of the GDR to stay and for help to start flowing from individuals and

Another obvious risk for the West



territory looks inevitable. Accelerated immigration would be another shot in the arm for the West German economy: private consumption would increase even faster, demand for

wage round. Long-term wage con-tracts in recent years and an unexpected improvement of the economy have caused unease among unions.

Cermeny **Key figures** Real % change over previous yea 1990 1.5-2 3.5-4 6.5 9.5 11 Exports (goods and services 8 100 105 40 23 Budget deficit " (DMbn) as percent of GNP 1.0 1.6 25 320 Employed persons (increase in 1000) 3.0 Central, regional and local authoritie ces: Federal Statistical Office, own e **D-Mark** 1/1/88=100 Against the — Sterlind 110 Yen - Dollar 1988

They are now asking for compensation and are demanding increased cuts in the working week. This seems to be an ill-advised strategy. Inflation fears are developing as a result, par-ticularly in Bundesbank circles, and a clash between over-high nominal wage increases and a restrictive monetary policy could result, leading to a cyclical decline in 1991. An issue relevant for the perspec-

tives of the West German economy, as well as for many western European countries, is the progress of the single European market. After recent events one senses a loss of momentum for EC integration. This would be more than just a setback. It would imply giving up on the crucial factor trigger ing change in eastern Europe: west-ern Europe's strength as democratic societies and successful market econonies reflected in its unique concept of forming a federal Europe and a single

While German preoccupation with national affairs seems understandable at this stage, it encompasses great risks: to lose the friendship with France and to lose partners for free trade and an open financial system in the UK would not only threaten a highly desirable political balance in Europe, but mean losing sight of the most important market for years to

Whatever the successes of economic reform in eastern Europe, even a fivefold trade with these countries could not compensate for "normal" growth of trade with western Europe during the next five years. It should be obvi ous that a continuation of the single market process is essential to the eco-nomic well-being of West Germany and Europe.

8

At this juncture, West Germany badly needs the help of its friends in the west to stay on track for the single market. It would be particularly helpful if a London-Bonn axis could be established as well as the functioning Paris-Bonn axis in order to balance better the architecture of the EC. Both Governments obviously favour the free market approach and want to avoid bureaucratic solutions. They have, however, proved to be incapable of establishing proper coali-tions to influence important decisions successfully at the EC-level. Instead, both London and Bonn (or for mone-tary policy: Frankfurt) are acting only in a defensive way, fighting suggestions from Brussels. Many issues have to be given momentum soon. The tax question is but one important issue. Others are monetary integration and the opening of borders.

The time is ripe for truly European solutions. Companies are mapping out Europe strategically already. Time is running out for politicians and central harks. tral banks Norbert Walter is chief economist at

the Deutsche Bank, Frankfurt.

Football out of date

■ The case for a super league in English – and preferably British - soccer is growing stronger as this season wears on. If you do not believe me, take a look at the current state of the lower part of the first division.

There are five London teams in the bottom nine: Wimbledon, QPR, Crystal Palace, Mill-wall and Charlton Athletic. The number rises to six if you count Luton as being more or less London-ish. It may rise to seven if Chelsea go on

playing the way they have been recently. Having been at the top of the division earlier in the season, on New Year's Day Chelsea lost 0-3 at home to Aston Villa before a crowd of less than 24,000. That may seem spectacular when set against the less than 8,000 who watched Chariton being beaten by Southampton. But then turn to the second division

where more than 30,000 saw Leeds draw 1-1 with Oldham. Look more closely at the sec ond division and some of the great names of English history and of English football (the two are not always interchangeable) are there. Not only Leeds, but Newcastle, Sunder-land, Wolves, Sheffield United and Stoke City.

There are some great names in the third division as well:

Birmingham, Huddersfield, Bolton, Preston, the other Nottingham and the two Bristols. Bristol City had a crowd of nearly 12,000 on New Year's

Day.
Anyone trying to look at this objectively from the out-side would see some anomalies here. Bristol is an affluent city which would like to have a team in division one. Why don't City and Rovers merge and go for the big time? And while it is good to see Aston Villa back in the bright lights

the club dominated English

soccer in the 1890s - it would

be even better to see a merger

OBSERVER

with its immediate neighbour, Birmingham City.
Personally, I would not stop
at a merger of the two Manchesters or even of Arsenal and Tottenham Hotspur. Ever-ton and Liverpool might sit it out for a while because of their continued high standards over time, but a merger would always be on the cards.

Professional soccer would then face the same competitive pressures as any other industry. The top clubs would play in the super league, subject only to the provision that there would be relegations every year and newcomers would be allowed in.
The rest of the game would

be reduced - though one might say advanced - to semi-professionalism or semiamateurism, whichever term you prefer. The sides outside the super league would play mainly regionally rather than being obliged to travel all round the country at great

At best, the super league would include the top Scottish teams. There might also be a side, or sides, from Northern Ireland, and perhaps from the Irish Republic as well. The result would be to raise standards at the top and create a friendlier game lower down. And who knows? A team from the British and Irish Isles might even win the World Cup.

Discrimination

■ Someone rang Gays the Word, the specialist booksellers, the other day, only to be told: "Sorry, we can't deal with your query now. We are under-manned."

Big boasts A war of words broke out vesterday between British Aerospace and Imperial Chemi-

cal Industries as to which can



"Of all the beaches in all the world..."

biggest manufacturer. The aircraft, defence equipment and car producer is running an advertising campaign claiming this title for itself. The claim is in spite of the fact that BAe's annual sales, which are running at about £8hn, are roughly Mbn less than those of ICL Britain's biggest chemical company has a market cap-italisation of about £8.5bn -

more than four times that of

correctly call itself Britain's

Such details, however, were pooh-poohed by the aerospace group yesterday on the grounds that chemicals do not grounds that chemicals do not count as a manufacturing activity. "Our view is that you can classify under manufacturing only activities which have hard goods, like engineering components going out of the door," the company said.

These comments produced

an equally sniffy response from ICL it pointed out that in official economic statistics chemicals production, like other pro-cess industries, comes firmly under the heading of manufacturing. "The claim by BAe seems very odd to us - we

always thought we were a manufacturing company." BAe came back later and said that the justification for its claim is that it is the largest manufacturing company in Britain. A lot of ICI's output is overse:

Cold cure

■ We have written before of the health-giving powers of the British onion — so much better than the French variety. So it was good to learn that the onion came even further into its own during the recent fin enidemic.

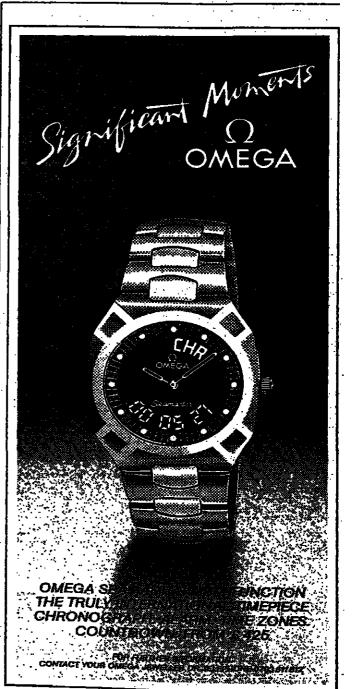
According to the British Onion Producers Association (BOPA), an old remedy has been resurrected for dealing with colds. It comes from the 70-year-old Mrs Lilian Poulton of Ashill near Swaffam. Poulton is the daughter of

Ernest Rippingdale, the man who swears that his habit of eating quantities of British onions every day is the reason why he is still going strong at the age of 105. The Poulton Patent Cough Cure requires 1 lb of British

onions and 6 oz of brown sugar. Slice the onion thinly and layer in a bowl with the brown sugar sprinkled liber-ally between each layer. Cover and put in a warm place for 24 hours. Take a spoonful of the resulting syrup as recuired. It is something to do with

the thiosulphates, in which onions are rich. And even if the Poulton remedy fails to work, there is the consolation that it should keep other people away from you long enough to prevent your pass-ing on the germs.

Danger sign ■ Heard in a Birmingham hotel bar: "All I wanted was a washer on a tap, but I knew I was in trouble when the plumber arrived in a shining Mercedes."



OUTLOOK -

entered a new phase of development, with transformations taking place in Japanese lifestyles, business activities and the industrial structure.

The view that in the 1990s Japan may see the advent of prosperity comparable to that of the United States during the so-called Golden Sixties has become popular in Japa-

Recent consumer behaviour superior information gathering points to a shift in emphasis from goods to services, underscored by the fact that the number of people travelling abroad each year will moved offshore the manufacture of goods to services, underscored by the fact that the number of people travelling abroad each year will soon reach 10 million. Increasingly diverse consumer needs are reflected in a vast array of goods ranging from daily household products to luxury ftems. ...

On the labour front, part-time workers have increased significantly to 17 per cent of the nation's total labour force. It has become common for firms to hire employees in mid-career — formerly a rare occurrence in leading Japanese corporations.

Other factors encouraging sweeping lifestyle changes include the phenomenal rise in the number of working women, the increased use of consumer credit, and a communications revolution that has made possible round-the-clock global

imancial dealings.

Imports, which have penetrated the local market significantly, have eased tight product supplies and are helping to defuse upward pressure

In parallel with the changes in lifestyles, the economy is shifting from a concentration on flow variables to stock variables. Japan has realised its post war goal of increasing per capita GNP to the point where it has surpassed that of the United States by some 10 per cant and the margin is expected to widen to 40 per cent by 1005

to 40 per cent by 1995. On the stock side of the economy there has been a steady accumulation of financial and tangible assets. According to the Economic Planning Agency report, the outstand-ing balance of the nation's assets totalied 5,338 trillion yen (£23.03 tril-lion) at the end of 1987, 15.5 times GNP - almost double the 1970 level

of 8.1 times GNP. Revenues generated from these assets made up about 14 per cent of disposable household income, repre-senting a 2 per cent increase from ten years ago. This phenomenal increase in assets is fuelling con-sumer spending on high-priced items and giving rise to a wider-

A new phase of development

Hirohiko Okumura looks at the effect of lifestyle changes on the Japanese economy

variety of goods and increased seranese companies by Nomura accelerate to 4.8 per cent from 3.7 vice demand.

Nomura accelerate to 4.8 per cent from 3.7 per cent in fiscal 1989.

In response to this trend, busi-ring profits (pre-tax profits after Japan's trade surplus declined to ness is accelerating efforts to develop sophisticated products,

items that require less advanced production skills. Although manufacturing jobs are expected to fall by 19 per cent of the total employment by 1995, the total

value created by domestic manufac-turing will not decline significantly and the feared "hollowing out" of the economy is likely to be averted. At present, the Japanese economy is expanding steadily, in line with our medium-term outlook, which forecasts 4.1 per cent average real economic growth through the mid-

The real economic growth rate is expected to be 5per cent in fiscal 1988 and 4.5 per cent in 1990. Com-pared with the 6.5 per cent reached

extraordinary items) of all industries except electric power and oil are expected to grow by an average of 14 per cent in the 1989 fiscal year and by 7 per cent in 1990. The ratio of recurring profits to net sales will edge up to 2.7 per cent in 1990, a level close to its peak. Against the backdrop of such a healthy profit performance, capital spending continues to expand, as does real personal to expand.

sonal income.

Private investment in plant and equipment is expected to increase to 9.5 per cent in the 1990 fiscal year after surging 16.4 per cent in fiscal 1989. As the capacity utilisation ratio is expected to remain high, investment to expand production capacity should remain strong. At the same time, rationalisation and labour-saving investment should be firm in industries plagued by labour shortages. The current investment boom will enter its fourth year, and capital stock in manufacturing industries will increase by 8 per

Imports should grow a firm 10 per cent, after a 14.6 per cent in fiscal 1989, on the force of strong domestic demand

in the latter half of fiscal 1988, the current rate of expansion is down as much as 2 per cent. Rates of 4 per cent should be regarded as ideal, however, judging from the growth potential of the Japanese economy, especially in view of the fact that the present pace of growth is supported by private sector capital spending and consumption rather than governmental measures to stimulate it or an expanded exter-

A frequent topic of discussion in Japan is how long the current economic expansion will continue. I think it will continue at least through 1990 if yen exchange rates remain stable. Reasons for optimism are very strong corporate profits and the bright medium-term outlook to which most corporate menagers can look forward. A recent survey of 362 major Jap-

Personal consumption has been recovering from the adverse effect of the consumption tax introduced last April. Against a background of price stability and strong income growth, consumption is expected to grow at an annual rate of 4 per cent in each quarter.

The rate of wage increases in the 1990 fiscal year resulting from the spring tax offensive is expected to rise to 5.8 per cent from 5.2 per cent in 1989. Higher wages reflect rising corporate profits, a tight labour market, and higher inflation resulting from the introduction of the consumption tax. Inflation as measured by the year-on-year increase in CPI is expected to rise from 1.1 per cent in the first quarter of 1989 to 3.1 per cent in 1990's first quarter. For fiscal 1990 as a whole, per-onal consumption growth should

its lowest level in three years from July to September of 1989, and remained flat from October to December, at an annual rate of \$70bn (£43.4bn). In the succeeding quarter, January to March 1990, it is likely to begin to expand again. We expect the surplus to amount to \$76.8bn in fiscal 1989 and \$80.6bn in

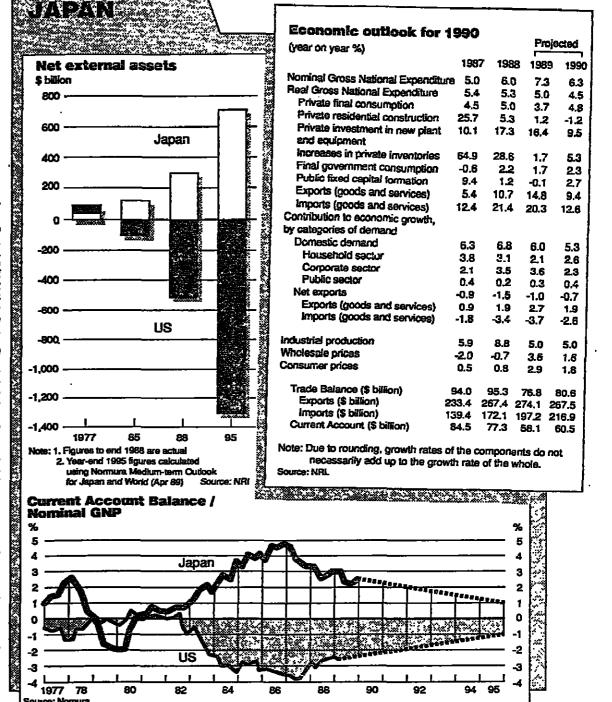
Imports should grow a firm 10.0 per cent, after a 14.6 per cent rise in fiscal 1989, on the force of strong domestic demand. Exports in dollar terms should increase by 8.5 per cent in fiscal 1990, up from 2.5 per cent in the 1989 fiscal year. In 1990, exchange rates are expected to remain relatively stable so the J-curve effect should diminish.

The current account surolus is expected to be \$60.5bn in fiscal 1990, up \$2.4bn from fiscal 1989. As a per-centage of GNP, the current account will continue to shrink from 2.05 per cent in fiscal 1989 to 1.96 per cent in fiscal 1990. This forecast is based on the assumption that the yen's exchange rate would bottom out at 145 yen to the dollar in the October-December 1989 quarter and turn upward in the January-March 1990 quarter, for a fiscal 1990 average of 138 yen to the dol-lar. The forecast for the fiscal 1989 average is 141 yen to the dollar. With the economy remaining strong, inflation will continue to be a major concern. The expansion of production capacity and increased imports of manufactured goods, however, will produce a better bal-

ance between supply and demand, and price stability will be main-tained. The Wholesale Price Index and Consumer Price Index are expected to edge up 1.6 per cent and 1.8 per cent respectively in fiscal 1990, compared with 3.6 per cent and 2.9 per cent in fiscal 1989. If there is any uncertainty in the short-term outlook for the Japanese economy, it is the trend of exchange rates. If the yen turns downward due to capital movement, it could push up the inflation rate as well as

interest rates, and this may result in an economic setback. If the yen's value depreciates further than assumed in this forecast, the trade surplus would expand,

increasing the risk of a "hard land-



ing" by the dollar. Our prediction is that this risk will be minimised by policy co-ordination among the Group of Seven nations. The Bank of Japan is likely to keep the discount rate at the current level of 4.25 per cent in an effort to prevent

the yen from depreciating. Current political confusion will not have a significant impact on economic management in the immediate future. The shock of the Japan Socialist Party's rapid progress has worn off. The focus is now shifting to the prospect of a Liberal Demo-cratic Party loss in a lower house election, although a major loss in

the election is unlikely. The Japanese economy can expect another year of better balanced and stable growth, with net exports in real terms continuing to decline as a result of the shift toward domestic-demand-led

As Japan extends its global reach, through companies moving into foreign markets and tourists travelling abroad, reducing the price gap between Japan and other countries becomes a crucial issue. The logical step for Japan to take is to reform its highly complex distribution sys-

tem, thereby lowering the prices of

imported goods and expanding imports.

Ĵapan's wholesale and retail industries are massive, employing some eleven million workers, and more streamlined distribution channels would enhance efficiency. In turn this would strengthen the Japanese economy in a way that will not boost exports but instead will stabilise prices and raise the Japanese people's standard of living.

Hirohiko Okumura is director and chief economist of the Nomura Research Institute in Tokyo and a member of the governmental Eco-

The basic balance in the UK and Japan

From Ken Livingstone MP.

Sir, Jeremy Hale's letter
(December 28) regarding the
basic balance of the UK balled to the recent weakness of ance of payments unfortunately conceals more than it reveals. Mr Hale argues that discount rate — an example we may conclude that the basic from Japan itself of a weaken-balance does not matter ing in the basic balance putbalance does not matter because Japan, like Britain, has also run a deficit on the basic balance (current account plus long-term capital) in all but two years since 1978. But in this, as in much else, the issue of quantity is everything. The average deficit of the Japanese basic balance has

Road rules

From Mr Alan Wheeler. Sir, Mr Randall (Letters, December 21) calls for a better transport system and local authority enforcement of parking provisions. I agree with him in large measure, but had driving is also a hig cause of traffic congestion.

We have become a sloppy and selfish society in which vehicle owners believe they may park where they please. Yellow line restrictions are universally ignored; doubleparking is commonplace; pave-ments and bus stops are regarded as natural havens for vans, cars and lorries. Driver behaviour fluctuates from the suicidally aggressive to the terrified in nose-to-tail lines of mminent cardiac arrest.
The Morris Minor drivers

among us face a dashboard of two switches, unvaried for the past 40 years or so. There must be sympathy for drivers of modern mass-produced boxes. presented with a dazzling array of fixtures and fittings and uncertain whether the ninth touch pad from the right operates the TV satellite aerial or the side lights. Perhaps this accounts for drivers who do not signal their intention to turn, or who fail to use lights in bad weather.

Driving tutors bear considerable responsibility to teach their students considerate driving behaviour. Test examiners might usefully review the criteria for passing. But enforcement of the Road Traffic Acts is a task best done by the uni-formed police supported by adequate manning and powers to fine on the spot.

Gordon House Road, NW15

the yen and, therefore, the sub-sequent rise in the Japanese ting upward pressure on inter-

The average deficit of the UK basic balance since 1978 has been 3.4 per cent of GDP - a level two and a half times as high as Japan. Furthermore, the situation has recently detetiorated seriously - the deficit

competence in information

technology in every job in the future City. From support staff

to senior managers, everyone will need to become competent

in information handling if the City is to meet the global com-petition which itself will use information technology relent-lessly to win prominence and

attract the financial transac-

tions - the source of the City's

Thus, the need for invest-

ment in education and training

The completely higher order

for 1988 being 6.3 per cent of GDP. The deficit for the first nine months of 1989 was 10.7 in 1988-89 puts commensurately much greater upward pressure on interest rates. The negative consequences for British industry, particu-larly on investment, of such high interest rates created by

In short, the deficit in the UK is of a completely different the basic balance deficit are order of magnitude than Japan's. These facts render Mr Hale's central argument evident - a burden from which Japanese industry has not had to suffer and which is undoubtedly a factor contribut-

What is more, the example of Japan itself is that a deteriorating deficit in the basic balance puts upward pressure on inter-

per cent of GDP, or more than four times what it was in

Ken Livingstone, House of Commons, Westminster Information and insurance in the new City

From Mr Alan Benjamin.
Sir, David Lascelles raises
real issues in "Questions over
the City's future" (FT, December 22). I wish only to make
two points – one critical to the for information technology is the highest need of all in Lon-I also observe sceptically that those who have no plans to leave London at the moment, would do so without hesitation if it were shown that City's future, the other an The point excluded from Mr Lasceller's analysis is that the City faces an internal threat which itself contributes to the greater profits were available in Paris, Frankfurt or Amster-dam. They will stay if the skills in London make it the external threats he examines. This is the crucial need for most profitable centre from

> Alan Benjamin 9 The Chequers, West End Lane,

Sir, David Lascelles failed to mention the insurance industry. Since the Bank of England's own examination of London's position also treated insurance in a remarkably superficial manner, Mr Lascelles's omission may not be surprising; however, it is

water. Farm animals, unlike

human beings, do not live to old age and lonely decrepitude or suffer painful, crippling dis-eases for years. Death when it

which to operate. Ergo, edu-

worth pointing out that the insurance industry contributed in excess of 50 per cent of the total City invisible earnings in 1988, compared to only 13 per cent for banking.

ing to its much greater suc-

With the aggressive growth of continental insurance markets, a lack of awareness of the value to the UK of our existing business is dangerous.

A particular example of the problems facing the UK non-life insurance industry may be found in the attempt by the Inland Revenue to tax reserves on a discounted basis.

This misguided approach on top of a comparatively harsh existing tax basis, if successful, would place our industry at a severe disadvantage compared to continental insurers. A.B. Wyand, CU Assurance, PO Box 420,

Humans' wholesome relationship to animals are excellent health, appropri-ate housing or grazing and an abundance of suitable feed and

From Mr Bob Cooper. Sir, In criticising humans' treatment of animals, Michael Prowse (Lombard, December 22) assumes the role of God. Farm animals are unable to speak for themselves, therefore they are to be banished from the face of the earth. That is the only logical consequence of universal vegetarianism. Mr Prowse would deny the ani-

comes is as sudden and as human as strict regulations can make i The world has only very limmals their right to life.
I spent 40 years of my life farming and was in daily comited areas suitable for the con-tinuous production of crops for human consumption. On a munion with farm animals. A much larger area ruminant sine qua non of livestock farming is that it is not sufficient to animals can convert the herbage into milk, meat, wool and leather. One can only speculate survive. Farm animals must

thrive. The criteria required as to what would become of

these areas without man to organise a system of pastoral production.

Man in his earliest days was like the other animals - a collector of seeds and other vegetable matter and a predator. Gradually he learned to sow and to harvest. Eventually he domesticated some of the animals he had formerly hunted. I have always understood that these fundamental changes in our condition were steps on the road to civilisation. Bob Cooper, Orchard Cottage Prizet, Kendal

the new face in creditor insurance

There's a new face in creditor insurance — the face of Alfred the Great — who reigned and died in Winchester, where Wessex Insurance has its chief administration.

The face is new but the reputation is established because Wessex (formerly American Family) is known for its traditional values of service and its innovative approach to the needs of credit providers.

Alfred — the only English king to be called the Great — is an appropriate personification; he brought to England time management, respect for learning and the law and sophisticated forms of insurance (an army and a navy in particular).



If you would like a complimentary copy of our monograph "eight faces of Alfred" please write to: Kate Hardy, Wessex Insurance, Jewry House, Jewry Street. Winchester, Hampshire SO23 8RZ or telephone 0962 844454.



12 Masons Avenue, Coleman Street, London EC2V 5BT Tel: 01-606 1999 Fax: 01-606 5730

Miners' settlement may herald new era

MR WILLIAM USERY Jr. the Pittston's mines in Virginia Federal mediator who negoti- West Virginia and Kentucky ated this week's tentative can vote on the accord, probaagreement ending the nine bly in eight to 10 days time. month-long Pittston miners Yet it seems clear that Pittston strike, stared into the TV cam-eras and declared. "Truly, this important objectives: a break

These are words rarely heard ers' union.

Washington, particularly Some observers believe this in Washington, particularly during Republican administraduring Republican administra-tions. But it was New Year's the end of national contract Day 1990 at the Labour Depart-negotiations in the coal fields. ment: and Mr Usery seemed If so, it would confirm a trend anxious to signal an end to the in other mature industries abrasive 1980s, the decade such as steel where major which opened with former employers have bolted from President Ronald Reagan's industry-wide agreements and

Symbolism aside, the outline financial state of individual deal between the United Mine companies.

Workers Union and Pittston The present arrangements in Company could have wide the coal industry go back to spread implications for the 1950, when companies agreed coal industry. It seems certain, to provide full health and ment and labour in the US.

Ruggiero: awaiting approval

Italy to end

exchange

restrictions

By John Wyles in Rome

ITALY'S steady march towards

the full liberalisation of capital

movements should take a further step forward by the end of

the month with the abolition of

some restrictions on domestic

Mr Renato Ruggiero, Foreign Trade Minister, is awaiting

only the Treasury's final

approval for a proposal which will cancel the obligation to

surrender to Italy's Foreign

days currencies earned from

exporting goods and services.

A similar restriction will

remain, however, on curren-cies acquired domestically for

Trade Ministry said around L2,000bn (\$1.5bn) in foreign

exchange held by residents is

affected. The decision to relax

part of the state monopoly on foreign exchange was "only a

small step" in the process of Italy's foreign exchange liberal-

The Government intended to

lift the remaining foreign

exchange restrictions "bit by

bit rather than all at once...to

avoid a shock effect", a com-

plete liberalisation might have.

The relaxation will leave Italy with little more to do to

honour the EC's July 1 deadline for removing all restric-tions on capital movements.

The two most important curbs still outstanding prohibit the opening by residents of bank

accounts abroad and the pur-

chase of foreign securities with

a maturity of less than 180

days.
The steady liberalisation

which began in October 1987

has not yet brought any nota-

ble instability to Italy's bal-

ance of payments position. The authorities are not disposed to

see any long term trend in

November's record payments deficit of L4,578bn (\$3.3bn).

This is seen as partially reflecting a high monthly trade

deficit approaching L2,000bn,

as well as repayment of a yen

loan worth more than L750bn.

Gold and foreign currency reserves fell in November by

more than L3,000bn to

A spokesman for the Foreign

Exchange Office within 120

foreign currency accounts.

some foreign

is a victory for collective bar-from an industry-wide contract gaining." from an industry-wide contract with the once-mighty coal min-

decision to fire the air-traffic forced unions to negotiate sep-controllers.

too, to fuel the debate over retirement benefits for miners health and retirement benefits with 20 years service and their which are increasingly poison- dependents. In return, manageing relations between manage- ment secured the freedom to mechanise the industry, with The terms of the deal will subsequent heavy job losses, remain secret until strikers at It was Pittston's decision to



Dole: appointed commission

abrogate the 40-year-old indus try-wide pact which lay at the heart of the dispute. Pittston argued that the costs of contri-buting to the benefit funds was hurting its ability to compete overseas. It pulled out of the coal operators association negotiations and left other companies to pay for former Pittston employees covered by the funds (one of which is \$50m in the red because there are too few working miners to sup-

ment, it seems that the union has successfully pressed for Pittston to continue full health care benefits for active miners, forcing the company to drop its plan for a shared-cost plan with the union. At the same time, however, Pittston man-agement appears to have limited its commitment to fund retiree benefits. Here, the Federal govern-

ment may have a role to play.
On Monday, coinciding with
the announcement of a settlement, Mrs Elizabeth Dole, Labour Secretary, said a commission would be appointed to examine how to help the coal industry fund the rising cost of health care for active and retired miners. "This issue is larger than this particular dis-pute," she said, "and I am com-mitted to addressing it."

Health care costs in the US in the 1980s rose by more than twice the rate of inflation, and the soaring costs are forcing employers to take a second

port benefits for retired union members).

Under the tentative agree
out that it is driving up the care is unnecessary and point out that it is driving up the price of American products.

Chrysler, the US motor giant, calculates that health accounts for about 270

benefits account for about \$700 of the price of every car that it makes in the US. But they account for only \$220 of the price of each car that the company makes in Canada. One reson is that next of the house reason is that part of the bur-den of the benefits is carried by general taxes in Canada – something which still anathema in the US.

The Bush Administration is considering the idea of taxing employer payments for work-ers' health insurance premi-ums as income, but only if they exceed a fairly high

The proposal is part of a general review of the health sys-tem, and could find its way into President Bush's budget to be presented to Congress later this month. If it does, labour is bound to object, underlining that health care is bound to be a divisive political issue this

Panama invasion damage 'cost \$2bn'

By Tim Coone in Panama City

LOSSES and damage from looting in Panama are unofficially estimated as high as \$2bn, following the US inva-sion last month. This would be equivalent to almost half Pan ama's annual GDP.

The estimate was given by Mr Roberto Maduro, President of Panama's Chamber of Com-merce, in an interview published by the local newspaper El Siglo. He said the losses were greatest in Panama City and Colon, the country's two main cities, at either end of the Panama Canal.

The Colon Free Trade Zone, a big international distribution centre for Central and South America and the Caribbean was not so badly affected, how-

ever, losses reaching only "a few hundred million dollars." Most of the looting took place in the first three days after the invasion as Panama nian law enforcement collapsed and as the US troops failed to deploy quickly in the city streets. In the main shopping centres, practically all the commercial establishments were ransacked.

No official estimate has vet

Mr Lawrence Eagleburger, US Deputy Secretary of State, set off for Panama yesterday to hold talks with the Endara government on a new US aid package, Lionel Barber reports from Washington. He will be the most senior US official to visit Panama since the US invasion last month, and was set to discuss the status of General Manuel Norlega and the lifting of US economic sanctions, imposed in 1988 during the US effort to topple him.

been produced on the cost and damages caused by the inva-sion, as government offices have only just started functioning again under the new US-backed administration of President Guillermo Endara. The first withdrawals of the

US invasion forces began yes-terday, as a field artillery unit of some 300 troops was airlifted back to the US. This was a heavy support unit to the 24,000-strong invasion force. With all organised resistance

of the Panamanian Defence Forces (PDF) seemingly finished, further withdrawals of units can be expected in the coming week. However, senior US military

officers are unwilling to spec-ify a timetable for the withdrawal of the main invasion force. It is thought this could

take several months at least, to allow time for a new local police force to be established Sniping incidents continue

and US troop casualties are still to trickling in to the main US military hospital in Pan-The impasse over the future

of General Manuel Noriega, Panama's deposed military leader, continues. He took ref-uge in the Vatican Embassy in Panama City on December 24. Yesterday, a diplomat arrived from the Vatican.

Panama's new attorney-general said on Monday that Gen Noriega might face murder charges if handed over to the Panamanian Government. Mr Endara, however, argues it would be better if Gen Noriega faced trial first in the US,

where he is wanted on drugstrafficking charges.
The Government has frozen

all Gen Noriega's assets in Panama, a measure which the US is also trying to achieve elsewhere in the world. President Bush yesterday

appointed Mr Deane Hinton to be the US ambassador to Panama, replacing Mr Arthur Mr Hinton, 66, a career for-eign service officer was Mr

Bush's envoy to Costa Rica. Separately the Vatican sent Latin American expert to help its nuncio in Panama seek a solution to the crisis. Monsignor Giacinto Berloco

arrived in Panama to help nuncio Archbishop Jose Sebastian Laboa try to end the diplo-matic dispute that began when the former Panamanian leader took refuge in the Vatican embassy on December 24.

Panama's Archbishop Marcos McGrath, who has been close to the negotiations over Gen Noriega, said on Monday that the general could not seek political asylum because he had to answer criminal

UK will avoid recession say forecasters

By Patrick Harverson, Economics Staff, in London

THE BRITISH economy will return to steady growth in 1991 after avoiding recession this year, according to a Financial Times survey of 22 indepen-

dent forecasting groups.

The survey supports the relatively upbeat assessment of the economic outlook given by Mr John Major, the Chancellor of the Exchequer, in his interview with the FT yesterday. The findings indicate that the Government's policy of high interest rates will dampen economic expansion this year. with consumer spending and

investment virtually stagnat-ing, but picking up in 1991. In aggregate, the survey is broadly in line with the Treasury's forecast produced for the Autumn Statement in The pound rose sharply against the D-Mark yesterday, closing in London 2.75 pfennigs higher at DM2.7550, but little changed against the dollar at \$1.6120. On the Bank of England's trade-weighted sterling index (1985=100), the pound closed 0.8 higher at 86.8. The recovery in sterling was due mainly to a switch out of D-Marks to dollars.

November, but is slightly more optimistic about growth, inflation, and exports.

This year, gross domestic product is expected to grow by 1.4 per cent, against the Treasury's 1.25 per cent forecast. In 1991, growth will accelerate to 2.4 per cent, says the survey.
Interest rates are expected to

to fall to 11 per cent.

ease from the current level of 15 per cent to 13 per cent by the end of this year. In 1991, analysts expect interest rates

The 22 analysts surveyed, which include the City of London, academic and international institutions, expect inflation to decline from the current level of 7.7 per cent to 5.5 per cent by the end of this year - a slightly better improvement than forecast by

the Treasury.
In 1991, the forecasters predict a further but less marked improvement in inflation. The annual growth in the retail prices index is expected to be 4.8 per cent by the end of next The current account trade

deficit is expected to narrow from more than £20bn last year to £15bn in 1990 and £12.5bn in 1991. This year the volume of exports is forecast to grow by 7.5 per cent, while imports are predicted to grow by 1.4 per

Unemployment is expected to rise slightly this year from 1.65m to 1.7m. In 1991 the level of unemployment is forecast to remain unchanged.

The forecasters expect virtually zero growth in investment this year, followed by a modest recovery in 1991. Details, Page 6

Argentina acts to curb hyperinflation Continued from Page 1

and his Peronist Government already appears to be running out of steam and losing much of its initial widespread popularity.
Mr Gonzalez took over from

a highly regarded business-man, Mr Nestor Rapanelli in mid December, after Mr Rapa-nelli's policies had also failed to curb the exchange rate collapse and the threat of hyper-inflation.

Last year's stabilisation mea-

sures have been embarked upon with varying degrees of success but are unlikely to have substantial effects for many months to come.

Also, wage pressure from a trade union movement disillusioned with President Menem's

non traditional, capitalist brand of Peronism struck at the heart of the first emergency programme last year and could well jeopardise the latest measures.

The new round of emergency measures go some way towards a solution, but carry with them

a political cost.

Apart from likely trade union opposition, there is likely to be a more general grievance against the suspension of what was for many Argentinians their last remaining hedge against infla- the short-term fixed deposit system.

More seriously, by late November the increasingly artificial exchange rate had given way to an active black market and the official exchange rate collapsed in

With the demise of last year's stabilisation plan, President Menem's Economy Ministry team, led by Mr Rapanelli, formerly vice president of Argentina's largest multi national firm, Bunge y Born, found itself increasingly isloated and attacked by tradi-

tional Peronist factors.
Mr Rapanelli was replaced by Mr Gonzalez, Menem's trusted ally from the presi-dent's days of goveror of the province of La Rioja. Many observers believed the new minister lacked the political authority and stature to take strong steps but his new year package has shown that he

does not lack boldness. President Menem and most

of Argentina's economists are agreed on what is needed to save the nation's economy: the elimination of the vast public deficits through tax reform and reduced state spending which would remove the underlying causes of inflation.

Yet, the implementation of such a scheme must overcome vested interests among companies supplying state firms, tra-tionally protected private business sectors and, especially, the trade unions.

However, the President's ability to face down the unions weakens as each successive economic plan collapses and he is driven ever closer into the

Vatican to woo taxpayers continued from Page 1

WORLD WEATHER

the allocation for religious and other purposes of 0.008 per cent of annual income tax revenue from fiscal 1990. This is by no means a guar-anteed gift because the Italian

Church will be competing with other potential beneficiaries. Each taxpayer will be allowed to express a preference on his or her tax return for allocating tax revenues to welfare works administered by the state, or to the Roman Catholic Church, or to the two non-conformist confessions, the Adventist Church and the Assemblies of God. Allocations will then be

made in proportion to the pref-

ments but senior bishops have been contentedly predicting a 50-60 per cent share of the tax pool. This could yield L400bn-L500bn on anticipated 1990 tax revenues. The Church's confidence is thought to be based on some private polls which have produced very different findings from one conducted for a newspaper in 1986 which for a newspaper in 1986 which revealed that only 14.7 per cent of taxpayers would give it preference.

The Church is predictably coy about its actual requirements but senior bishops have been contentedly predict. In the meantime, the faithsuggest that after a mid-October appeal from every pulpit in the nation, only 50,000 peo-ple had despatched a total of about L8bn to the Church's

treasury by mid-December.
The problem is that while Italian Roman Catholics will give generously to the priest or bishop they know, they may be more wary of sending funds to an anonymous piece of ecclesiastical bureaucracy.

When small is not beautiful

There is no doubt that 1989 was an exceptionally good year for equity investors on both sides of the Atlantic Merrill Lynch estimates that Wall Street had its fourth best year in as many decades, and better returns were only achieved in 1954,1958 and 1975. Meanwhile, WM Company says that the total returns of 29 per cent for the average UK pension fund was the highest of the decade. But one area of the stock market did not prosper. Small com-panies were no longer the stock market darlings, and one has to go back a very long way to find a similar period of such massive underperformance.

Dimensional, which manages

a passive fund investing in smaller US companies, says that its total 1989 return of 9.07 per cent compares with a return of 30.4 per cent for the S&P 500. Although small US companies have been misera-ble investments for several years, 1989 was the second worst year for underperformance. In the UK, it is expected that the returns on Hoare Govett's smaller companies index will show a similar sort of underperformance, and those fund managers who thought that the above average long-term growth of smaller companies provided a sure way of achieving better than average performance have had a

rude awakening. In the UK, at least, the hope is that it is no more than atemporary swing out of favour. After all, there have only been a couple of years since 1976 when small companies have failed to outperform the market. As a group they tend to be more vulnerable to an economic downturn than big companies, which often have a cushion of overseas earnings and cheaper borrowings, and their performance looks especially poor in 1989 because so many big companies were rer-ated on the back of takeover speculation. However, it would be dangerous to assume that just because the sector has performed so miserably, it must do better this year. US experi-ence shows how unpredictable the returns on small company investing can be, and the same goes for investment fashions.

Lovell/Higgs

A cynic would say no name fails to contain at least one item of unmitigated opti-mism. Higgs and Hill's profit forecast and asset valuation, in riposte to the £137m bid from fellow contractor Y.J. Lovell, smacks a little of this synFT~A British Government

drome; the optimistic element is the £29m price Higgs puts on four unnamed projects yet to get planning permission. The hitch for Lovell is that even if one forgets that \$29m, Higgs still appears to be worth much more like £5 per share than the £4.05 which Lovell is currently

Take just Higgs's £184m of. property and housing assets, and add in its construction business on a conservative multiple of say six times 1989's earnings, and anything below £4.90 looks an unattractive deal for Higgs's shareholders. Lovell will presumably raise its bid this week, and yesterday's 6p rise in Higgs's shares to 64 61 suggests the market is convinced of it; but that raises the other question, of just how well-served Lovell's own share-

holders will be. Six weeks into the bid, Lovell has still not made an entirely fool-proof case for the industrial logic of the union; its best ammunition remains the support for the bid from Higgs's own former deputychairman. What is more, Lov-ell's share price has substan-tially underperformed other contracting and construction stocks in the 43 days since it launched the bid. You do not need to be a fanatical devotee of efficient market theory to see that as a good indicator that winning a battle for Higgs might be a Pyrrhic victory.

UK gilts

After a dismal year for gilt investors in 1989, there is a plausible case to be made for buying fixed interest securities in 1990. The economy is slowing, the budget is still in surplus and interest rates appear to be on a downwards course. But the argument only really applies to the short end of the market. The yield curve has

en stubbornly inverted and long yields to fall below cur-rent levels of 9.8 per cent. Indeed the reverse seems more

likely.

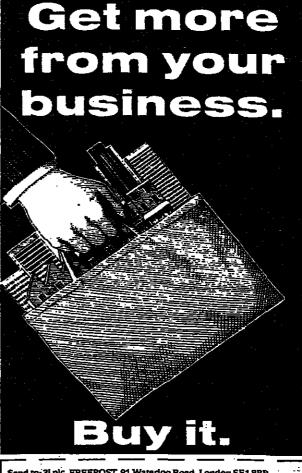
Equity bulls are relying on a 1990 slowdown to be followed by a pre-election boom in 1991. But a surge in public spending could prompt the end of the could prompt the end of the official repurchase programme, already curtailed by the marginal shift in favour of overfunding. And reflation in early 1991, welcome as it may be to Tory backbenchers, will be a risk at a time when even the Government expects inflation still to be around 5.75 per cent. Such prospects will particularly deter investors at the long end of the market, especially if a Labour election victors begins to every lection victors begins to every lection victors begins to every lection to ever tory begins to seem a real pos-

sibility.
Sterling's weakness against the D-mark in 1989 did little to encourage overseas investors to buy gilts. But after its recent sharp devaluation, some analysts think it might be oversold. If it recovers in the first quarter, the Chancellor could afford to let base rates slip at Budget time, provided the news on inflation and the balance of payments is good. That, and the potential for another base rate cut in the autumn, should allow the yield curve to flatten at last.

Business rates

Do not shed too many tears for the salons of London's South Molton Street, for the Al-Fayeds, or indeed for anyone else, as they scrimp and save to pay their new business rates. True, the first revaluation of English and Welsh commercial property since 1973 has multiplied many South Molton Street rateable values by 40 or 50 times; and some believe M&S's Marble Arch store could be looking at a near-quadrupling of its rates bill to more than £6m in the next five years. But the Government is right to keep pointing out that overall the new system is merely redistributive, and in any case revaluation was long overdue in yupplified zones of London in particular. The Government must

though try to ensure swift handling of the likely torrent of valuation appeals from compa-nies. There are still 7,000 valuation appeals outstanding in the City of London alone from the 1973 system; and it is disturbing that some observers reckon appeal proceedings on the new values may not be fully under way until mid-1991.



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FINANCIAL TIMES

COMPANIES & MARKETS

Wednesday January 3 1990



be about \$62m, down drastically on net profits of \$322m in 1988. The Boston bank, the 15th larg-

est in the US, said it had made

\$280m of fourth quarter provisions for bad debts, bringing total

1989 loan provisions to \$720m, up

from just \$144m the previous year. In turn, total 1989 loan write-offs, including the \$300m

fourth quarter charge, came to \$480m, against \$194m in 1988. Bank of Boston's non-perform-

ing assets stood at \$1.7bn at the year-end, a decline of \$100m on the 1988 figure that resulted

mainly from fourth quarter write-offs. Some \$1.1bn of the \$1.7bn of non-performing loans

Shares of the Bank of Boston,

which are quoted on the New York Stock Exchange, had risen by % of a point to \$19% by early

Mr James McDermott Jr. a senior banking analyst at Keefe Bruyette & Woods, said the stock

market appeared to be approving of "the conservative way" that the Bank of Boston management

was approaching its problems.

However, he warned that the real estate crisis meant that the atmosphere was very uncertain for Bank of Boston and other

are real estate-related.

Man in a hurry looks for a big deal



What chance does a late starter have in the ferociously competitive European advertising industry? Mr Jean-Claude Boulet, who lounded Boulet Dru Dupuy Petit (BDDP), the French advertising ago, is now striving to turn it into an interna-tional force. He has

staged a series of small, strategic acquisitions to form the framework of an advertising netneeds has eluded him. Most of the established: networks have aiready been snapped up by the US and UK marketing groups. "Really our network should already exist," says Mr Boulet. "But it does not. We have to build it as fast as we can." Page 14.

Spinning the wheel of fortune

At a Stanley Leisure casino the average amount-wagered by a client is about £100 per visit. The Stanley Organisation itself has come to the table to wager a less paltry sum. Stanley is staking up to £10.75m in cash on the development of its gaming business by acquiring eading Leisure's provincial casino division The purchase, giving Stanley control of eight casinos to add to the nine it already owns, will turn the group into Britain's third largest casino operator, behino Mecca Leisure and Stakis. Page 20

if I only had a brain



Some things are worth waiting for - the Royal Navy thinks so and is prepared to wait until 1993 for a new "brain" for its latest trigates. Like existing designs, the new control and command system being developed jointly by the Dowty group and the Anglo-French systems company Sema, will process and display data from the ship's sensors and manage the deployment of weapons and the ship itself. However, its design, based on a network of 280 connected processors instead of a single central computer, is a radical shift for militarycomputing. The new system, when it comes, should give the Navy the most advanced command system of its type in the world. In the meantime, new frigates putting to sea without it will be limited to normal peace-time pairol-ling tasks. Page 21

Mourning the good old days

For US brokerage houses the 1980s ended as they started, with intense competition still call-ing into question the viability of basic market activities. The only thing that has changed as they enter the 1990s is that they are no longer alone. London's stockbrokers, which witnesser the deregulation of their market in 1986, now have a valid claim to being worse off than their counterparts elsewhere in the world. The pic-ture may look bleak, but securities firms have in the past managed to find lucrative activities to make the business worthwhile - the fixedincome markets from the 1970s, for instance, or the junk bond extravaganza of the 1980s. However, Richard Waters finds that markets like New York and London are unlikely ever to return to the good old days. Page 18

Market Statistics

Engelhard

Fergabrook Group First Boston

European options exch FT-A indices FT-A world indices FT int bond service Financial futures Foreign exchanges London recent issues	30 18 34 15 39 38 18	London tradit, options Money markets New int. bond issues World commodity prices World stock mich indices Unit trusts	
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Bell Resources steps into Bond court case

By Bruce Jacques in Sydney

BELL RESOURCES, struggling Australian investment group, yesterday made a surprise intervention into a court case to decide the fate of Bond Corporation Holdings, its parent.

Counsel for Bell told the Victoria Courses for Bell told the Victoria Course for Bell told the Victoria C

ria Supreme Court in Melbourne that the company's claim over the assets of Bond Brewing Holdings had priority over the bank syndicate which put the brewing unit into receivership last Friday. The court is hearing an appli-cation by Bond Corporation, Mr Alan Bond's Perth-based beer and

media conglomerate, to have the menia congiomerate, to have the receivership order rescinded. The hearing follows a falled attempt on Saturday by Bond interests to have the West Australia Supreme Court set aside appointment of receivers to the brewing unit.

The Victoria hearing was yes-terday adjourned until today, leaving Bond Brewing still tech-nically in receivership, owing A\$740m (US\$583m) to a syndicate led by National Australia Bank. The syndicate succeeded in having receivers appointed just hours after Bond Corp had brewing interests to Bell for about A\$2bn.

Counsel for Bell said the company had entered into a contract last Thursday to purchase the brewing interests from Bond Corp, and this meant Bell had higher priority than the banks which were unsecured creditors.

In other submissions to the hearing yesterday, counsel for Bond Corp foreshadowed an application to have the hearing moved to Perth. Earlier, a Bond fatterners where the services of the ser

statement warned that if the brewing receivership was allowed to stand, it could trigger a series of claims by creditors which could lead to the collapse of the entire Road empire. entire Bond empire. The Bond statement also noted that, even though the application to the Perth Supreme Court had failed, the judge had said a serious and substantial injustice had occurred in the manner of the

receiver's appointment.

The judge had noted that evidence of the potentially serious consequences of the receivership was not disclosed by the banks' representatives and that Bond

opportunity to be represented. The Victoria Court was also told yesterday that a Bond Corp director, Mr Peter Mitchell, planned to fly to New York to meet US creditors of Bond's

brewing interests.

Bond Brewing was due to make an interest payment of A\$52m to US creditors on December 31, but the payment was prevented by Friday's receivership order. It has been speculated that US investors could launch separate legal action against Bond over the payments which could involve the could be action to be a second to be a sec involve the company's US-based Heileman brewing assets. Shares in Bond Corp and Bell

Resources remained suspended on Australian stock exchanges yesterday, but shares in companies with exposure to the Bond group were marked back against the market's general tone. These included Adelaide Steamship, down 22 cents to \$A6.06, and FAI Insurances, off 2

cents to \$A2.80.
Shares in Bell Group fell sharply, by 11 cents to stand at 25 cents, but Bond Media shares were steady at 11 cents.



Adventurer who preaches simple message of survival

Raymond Snoddy talks to ex-Daily Telegraph chief Andrew Knight about his move to News International

he announcement yester-day that Mr Andrew Knight, former chief exec-utive of the Daily Telegraph group, will become executive chairman of News International in March marks an important stage in the development of Mr Rupert Murdoch's News Corpora-

By giving Mr Knight, editor of The Economist magazine for nearly 11 years, control of five British national newspapers and the four safellite channels to safely Televicion Mr Myrdack to faith Television. Mr Murdoch is tacitly recognising that his media empire on three continents is now too large for any one man, however energetic, to run.

For it is clear that Mr Knight, a key member of the small team that brought the Daily Telegraph. by far Britain's largest selling daily broadsheet newspaper, back from the edge of bankruptcy, has been given broad authority over not just News International's business development but also its editorial fortunes.

After the "tremendous adven-ture" of working with Mr Conrad Black, the Canadian who controls 80 per cent of the Daily Telegraph group and is clearly a newspaper tycoon in the making, Mr Knight is moving to one of the world's most influential established pub-

"Here fat News Infernational] you have a superbly run organisation controlled by, I would argue, the greatest newspaper publisher in the world, who has so many halls in the air that he wants - and I think it is a very healthy thing - someone to catch some of them for him," says Mr Knight, who has just turned 50.

News International's new chairman is reluctant to talk too much about his job in advance, yet he drops significant clues on his priorities and what the general approach is likely to be. At the Economist we tripled

the circulation through the practice of quality," says Mr Knight, who believes that only the best newspapers will ultimately sur-vive the increasing competition against a background of decline in overall circulation. "Newspapers are fascinating. Rather like oil wells, they are a run properly. Above all, the survivors do well," says Mr Knight.
At the Daily Telegraph, Mr
Knight believes his main achievement was getting costs on to a realistic basis and instilling into management the simple message that they had to see themselves

He is also aware that the issue of newspaper standards "is in the air", but does not believe that Mr Murdoch's popular newspapers should be seen as problems.

"The Sun and the News of the

World are resoundingly successful newspapers," says Mr Knight. He also has little time for the conventional wisdom that The Times has gone down-market in recent years and ceded its role as the newspaper of the establishment, or at least its younger members, to The Indepen

"You hear a lot of wild things said which don't really measure up to what you see as a newspa-perman in the newspaper. Circu-lation has actually weathered The Independent very well and at the Telegraph we always took The Times very seriously," Mr

Knight says. He goes to Wapping, Mr Murdoch's UK printing and publish-ing headquarters, at a difficult time financially for News International because of its investment in satellite television and a programme of installing colour sses and the latest inserting equipment this year.

r Robert Maxwell's rival Mirror Group Newspapers has already completed the transition to colour printing. He has made it clear he will try to take maximum advantage in 1990 of Mr Murdoch's delay in following suit.

The pressure has already begun to show in News Interna-tional's balance sheet. Pre-tax profits for the year to June 30 1989 fell from £88.2m (\$141m) in 1988 to £20.6m and that figure did not include the first £75m of the investment in Sky to be written off over five years. Losses for Sky's first full year on the air are likely to be considerably more than £100m.

Mr Knight has no need to take on the Wapping job - or indeed to ever work again. He left the Telegraph with shares worth £14.5m. The options were agreed at the beginning of his working

"we both used to reckon we were going to make everything or lose everything".

But he says he is not the sort to retire and lie on a beach. He has one house, a modest Japanese car and does not collect anything - and he insists that his new wealth is not going to

change that.

Mr Knight decided to leave the Telegraph because Mr Black was moving his base to London and would inevitably become more actively involved in the day-to-day running of the busi-

e blames his decision to leave, and the period of divided authority that resulted, for the difficulties that flowed from the policy of combin-ing many of the journalistic departments on the Daily and sunday Telegraph — a policy that angered many Sunday Telegraph journalists.

"A thing this important needs to have one person who can see his vision through and has untrempelled newer to do so."

untrammelled power to do so."
But he argues that the Sunday Telegraph, as the only British national Sunday newspaper with associate, has benefited from being able to call, for example, on the daily's foreign and sports

Apart from some reservations about the way the editorial reor-ganisation was implemented, there is also some disquiet among senior Telegraph execu-tives that he should be moving so soon to a direct rival.

It is not an argument that trou-bles Mr Knight. "I can't think of a single thing they are going to do which would be remotely

valuable for Wapping to know about," he says firmly. While Mr Black's move to London persuaded Mr Knight it was time to go, it was Mr Murdoch's desire to be there less that con-vinced him there was a top job to do at Wapping.

And Mr Knight, who believes that newspapers are best run by proprietors, is adamant about one thing. "If Rupert Murdoch, for any personal or professional reason, wanted to do what Conrad Black wanted to do and come to London I would expect to step

Tate & Lyle | Bank of Boston to sell North **American** motor parts business

for \$179.5m.

The buyer is Hidden Creek buy-outs.

The disposal had been a possibility since last spring, when Tate paid C\$286m (US\$246.5m) to

Tate paid C\$286m (US\$246.5m) to buy out the 49.9 per cent minority in Redpath Industries, its listed Canadian subsidiary.

The deal brings to £143m the proceeds from Redpath's nonsugar interests. General Gear and Donlee Precision, two small Canadian manufacturers of machine parts remain to be machine parts, remain to be

leasing company.

It also controls the Canadian

businesses of Purolator Courier and Beatrice Foods and owns half of Ball Packaging Products Canada, a manufacturer of rigid

earnings of C\$35.8m on revenues. of C\$1.9bm. In the first nine months of 1989, earnings reached C\$29.6m on revenues of C\$1.3bn

cash, \$15m in 10-year preferred shares and a \$2.5m secured note. It said Kidder Peabody had assured both parties that it was "highly confident" it could place the subordinated debt which will finance 35 per cent of the pur-

Onex has provided a commitment letter in respect of the 25 per cent equity portion. The remaining 45 per cent will be funded by senior debt to be provided by a leading Capadian vided by a leading Canadian chartered bank, Mr Ewout Heersink. Unex vice-dres

Automotive Industries, which has four plants in the US and two in Canada, makes injectionmoulded plastic components for

car interiors.

It contributed £8m (£12.8m) before tax to Tate's 1988-89 profits and had net assets of £88.6m at September 30.

unveils \$300m of loan write-offs

By Alan Friedman in New York

BANK OF BOSTON, the largest regional bank in New England, yesterday unveiled \$300m of

fourth quarter loan write-offs and

announced the sale of its credit card business to Chase Manhat-

Analysts on Wall Street see the

measures as part of the bank's strategy for dealing with the growing crisis in real estate-related loans in the north east of

In a separate development, Bank of New England, another bank hit by the real estate down-

turn, said yesterday that it had signed a letter of intent to sell McCullagh Leasing, its vehicle fleet leasing subsidiary, to GE Capital Corporation.

Terms of the sale were not disclosed.

Bank of New England last

The sale of Bank of Boston's

credit card business to Chase produced a pre-tax gain of \$195m.

Had it not been for the gain, the bank would have almost cer-tainly suffered a loss. In the

event, a break-even result in the fourth quarter means the bank's 1989 total net income is likely to

MiniScribe files

for Chapter 11

By Louise Kehoe in San Francisco

MINISCRIBE, the US computer

disk drive manufacturer, has filed for protection from creditors

under Chapter 11 of US bank-

the US parent company and does

not affect its subsidiaries in the

Far East, where the company

MiniScribe is phasing out its

ring assets to the Far East sub-

month said it was raising its loan

loss reserves above \$1bn because of non-performing real estate

By Clay Harris in London

TATE & LYLE, the UK-based international sweeteners producer, is to sell its North American motor components business

Industries, a subsidiary of Onex Corporation, the diversified Canadian holding company which specialises in leveraged

Completion, due in the middle of next month, is conditional on

of next month, is conditional on Onex arranging finance for the leveraged deal. The Toronto-based company typically takes large majority stakes — in this case 80 per cent — not full ownership of operating subsidiarles. They include Sky Chefs, a leading US-based airline catering company, and Norex Leasing, Canada's largest independent leasing company.

packaging.
In 1988, Onex reported net

Tate will receive \$162m in

yesterday.

ruptcy laws after numerous shareholder and debenture holder lawsuits the company has been unable to settle.

can take to solve its many legal problems," said Mr Richard Rifenburgh, chairman. MiniScribe said its reorganisa-MiniScribe has previously tion plan may take the form of the sale of assets to new investors and the formation of a new alleged "massive fraud" by for-

sidiaries in contemplation of a Chapter 11 filing.
"We believe that this is the

only practical step the company

mer senior managers in the preparation of its financial statements dating back to 1986.

A total of 13 class action and individual lawsuits have been company. The proceeds of the sale might

be used to settle claims against the company.
MiniScribe also filed its long filed against the company by shareholders and debenture hold-

overdue financial statements for 1988 and the first three quarters of 1989. Losses for the first nine months of 1989 were \$116m compared with losses of \$109.5m in the same period a year earlier. Sales fell to \$349.8m from \$531.0m.

now manufactures most of its products, officials said. The company restated its fiscal US manufacturing operations.
The company denied recent reports that it has been transfer-1987 earnings as \$9.04m instead of the \$31.2m previously reported. Earnings for 1986 were restated at \$12.2m rather than \$22.6m.

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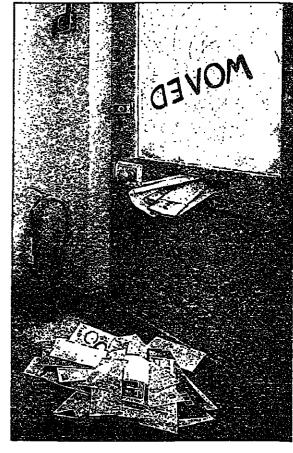
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depleting reserve but nevertheless they are tremendous generators of cash and profitability if

INTERNATIONAL COMPANIES AND FINANCE

Maxwell builds on holding in De La Rue

By Andrew Hill in London

MR ROBERT MAXWELL, the UK publisher, has rekindled speculation about the future of De La Rue by buying a 3.1 per cent stake in the banknote printer from Scitex, an Israeli-based company in which he holds a 27 per cent stake.

Mr Maxwell bought the
4.42m shares at about 317p

each – a premium to yester-day's closing price of 306p, up 5p. The publisher now owns about 21.67 per cent of De La Rue through the nominee Bishopsgate Investment Trust (18.1 per cent), Mirror Group (3.1 per cent), and the pension fund manager Bishopsgate Invest-ment Management (0.47 per

De La Rue has been the subject of bid speculation since September when Norton Opax allowed a hostile bid for the company to lapse.

Mr Jeremy Marshall, De La Rue's new chief executive, said yesterday the group had expec-ted the sale of the stake and

did not regard it as significant. "Mr Maxwell's holding is still the same in total as it was

before," he said. Mr Maxwell was unavailable to comment, but analysts believe he no longer wishes to bid for De La Rue, which revealed continuing problems with its high-technology units lest month.

The publisher was originally interested in buying Crosfield Electronics. De La Rue's printing technology subsidiary. Scitex, a computer-imaging systems group, built up its stake in July, when Crosfield's fate was still in the balance, adding to 15 per cent already owned by Maxwell interests. But the following month, in spite of Mr Maxwell's opposition, Crosfield was sold to Du Pont and Fuji Photo.
Scitex sold its stake at a loss

of about £3.4m, and Mr Max-well is still sitting on a paper loss of about £27m on the rest

Sabena venture's management set up

By Paul Betts, Aerospace Correspondent

BRITISH AIRWAYS, KLM and Sabena have started to set in place the management structure of their new joint venture, Sabena World Airways, which is expected to come under the close scrutiny of the European Commission later this month.

BA said yesterday that Mr John Story, its general manager for Africa, had been appointed as marketing director of Sabena World Airlines. Belgium's Sabena owns 60 per cent of the company and its UK and Dutch partners 20 per

The airlines agreed to form the company last month to operate Sabena's existing routes and to develop a Euro-pean hub, to be based at Brussels and serving 75 cities by

Mr Johan Dekker, Sabena's chief executive, said Mr Story would be starting work imme-diately on developing expansion plans for the new airline's "Euro-hub" system based on Brussels Zaventem airport. "He will be leading a marketing policy group comprising staff seconded on a full-time basis from Sabena, BA and KLM,"

Mr Dekker added. The appointment of the BA executive to oversee the marketing strategy of the new airline reflects the UK carrier's

expertise in this area. Sabena World Airlines is the latest in a series of co-operation agreements between carriers in anticipation of the gradual liberalisation of European air transport. It follows a pact between Lufthansa and Air France and cross-shareholding agreements between SAS, Swissair, Delta and Singapore Airlines, among many others.

Giat to take over Luchair defence arm

By William Dawkins

MANAGEMENT of the defence subsidiary of Luchaire, the French munitions group, is to be taken over temporarily by an arm of Groupement Industriel des Armements Ter-restres (Giat), the state-owned

arms manufacturer.
Pro-Glat, a unit created in 1988 to help its parent explore new industrial opportunities, will take over Luchaire's defence activities for five years in return for an undisclosed sum. Luchaire Défense produced a turnover of FFr550m (\$94.8m) in 1988, mainly in munitions, anti-tank mines and rocket launchers. The announcement lays to rest some of the uncertainty

overhanging Luchaire since it came under investigation in 1986 for alleged illegal shipments of arms to Iran.

A French judge decided last
June there was inadequate evidence to back up the allegations, but the right-wing RPR

party is pushing for a fresh inquiry.

The deal is designed to give both companies a more effi-cient and coherent export policy, said a Giat official. At the end of the five years, Luchaire Défense could be sold to Giat, though the options are being kept open, according to Luchaire officials.

 The French Government also yesterday confirmed that the main companies in the state-owned chemicals industry had agreed the outlines of their long-awaited reorganisa-

This means the activities of the Orkem petrochemicals, paints, inks and fertilisers group will now be divided between the two state controlled oil companies, Elf Aquitaine and Total.

Orkem's chemical and fertilizer businesses will go to Elf, while Total will take its speciality chemicals activities, said a joint statement by the Finance and Industry Minis-

Entreprise Minière et Chimique, the mining and agro-chemicals group, will further discuss with Elf how their chemicals arms might co-oper-

Small advertising group with big ambitions

Alice Rawsthorn examines the plans of a French agency seeking to expand rapidly

r Jean-Claude Boulet is a man in a hurry. His ambition is to turn Boulet Dru Dupuy Petit (BDDP), the French advertising agency he founded five years ago, into an international force in the advertising industry. So far, he has staged a series

of small, strategic acquisitions to form the framework of an advertising network in Europe. However, the really big deal he needs has eluded him. Last year Boase Massimi Pollitt, the UK agency, rebuffed his £118m (\$188m) bid in favour of a friendly merger with Omnicom of the US.

The European advertising industry is becoming more complex and competitive all the time. Most of the estab-lished networks have already been snapped up by the US and UK marketing groups. There is little time left for BDDP to establish itself as a significant

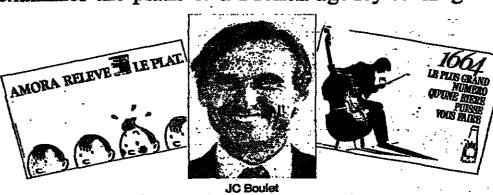
Is it too late? "I hope not," said Mr Boulet. "Really our network should already exist. But it does not. We have to build it as fast as we can." Many chairmen would be quite content if their company had grown as far and as fast as

BDDP. It was formed by Mr Boulet together with Mr Jean-Marie Dru and Mr Jean-Pierre Petit - two colleagues from Young & Rubicam, the glant US marketing group, where he was managing director for Europe - and Ms Marie-Catherine Dupuy as creative director.

From the start the company

was cast in the mould of the large American agencies where the founders had worked. by the US groups, it offers an integrated service whereby its

WESTDEUTSCHE Landesbank Girozentrale (WestLB) has split



Jean-Claude Boulet: a man in a hurry, with two of his agency's creations

BDDP set out to offer an alter-BDDP set out to offer an alternative to the French offshoots of the US groups and the indigenous agencies — Havas and Belier, owned by Eurocom, and Roux Seguela Cayzac & Goudard — that had dominated French advertising for decades.

Today BDDP is the fifth largest agency in France with a

est agency in France with a string of advertising awards to its credit, estimated billings of \$667m and income of \$100m ast year. Half of its French accounts

come from companies owned outside France, like McDon-ald's and Coca-Cola.

ald's and Coca-Cola.

From the beginning BDDP was intent on establishing itself as a force, not only in French advertising, but in other areas of marketing and other countries too.

The company has built up business in disciplines like sales promotion and direct marketing. Rather than adopt the vertical structure favoured by the US groups, it offers an

too small. France is the only country

clients deal with one account director who maps out a com-munications strategy on every-thing from traditional television advertising to dealer support schemes.
BDDP has also moved into

other European markets. It set up agencies in Belgium and up agencies in Beiglum and Italy in 1987 and staged its first acquisition, in Spain, in the same year. It has since expanded into the Netherlands, the UK and West Germany and has established a foothold in the Far East through a joint venture with Batey, the Singanore-based agency. pore-based agency.

is now the 14th largest advertising agency in Europe with pan-European accounts for Michelin and Polaroid. This all sounds very impressive. However, its net-work is still impature and far

where BDDP can offer an integrated marketing service. So far, the Netherlands is the only spite of his disappointment Mr
Boulet is convinced the bid did
bring some benefits. He
believes, for example, that
BDDP would not have been
able to acquire ARA in the
Netherlandsor to clinch the
joint venture deal with Batey
without it.
BDDP is still scouting for
acquisitions. It is about to conclude a significant deal in Italian advertising. It also intends
to expand its presence in the

to expand its presence in the UK and West Germany.

In recent weeks its name has been linked with Broad Street, the UK marketing group best known for its public relations

work in takeover bids.

Mr Boulet refused to comment but did confirm BDDP has been in contact with a number of London PR compa-

So far it has spent about \$25m on establishing its network. BDDP is still a private company and relies on banks to raise capital for expansion. Mr Boulet hopes the management will retain

He does not consider future finance to be a problem. Clearly BDDP does not have the resources to acquire a big company, such as Saatchi & Saatchi, but he said it would be interested in buying parts of

interested in buying parts of the Saatchi organisation should it be broken up.

Mr Boulet is well aware BDDP may have left it too late to become a significant player in international advertising. However, he is still convinced: There is a role for a modern, more flexible advertising network. If there is enough time.

WestLB splits 45% holding

part of its 45 per cent holding in the Preussag/Salzgitter con-cern with three other banks,

AP-DJ reports.
Mr Ernst Albrecht, Prime Minister of Lower Saxony, said a holding company owned jointly by WestLB, Nord-deutsche Landesbank Girozen-trale (NordLB), Norddeutsche Genossenschaftsbank, and Dresdner Bank AG bought a 15 per cent stake in Preussag/Salzgitter from WestLB as of January 1.

German retailers form link

By Haig Simonian in Frankfurt

ASKO, the big West German retailer, is planning to transfer its 49.9 per cent stake in the Massa hypermarkets chain to a new joint venture with Metro, the retailing and cash and carry group best known for its controlling interest in the Kaufhof department stores.

The deal, which will be complemented by a second joint venture involving a string of

venture involving a string of Metro's interests is a further step in the current restructuring of the German food retail-ing sector and points to grow-

Commence of the second second

ing links between two of Germany's higgest food retailers. The two companies are also planning a number of further joint projects in western and eastern Europe. The first of the new joint

ventures, MHB Im-und Export Handels, will incorporate a number of Metro's retailing interests along with Asko's shareholding in Massa. Although Asko and Metro will each own 50 per cent of the shares, Metro will hold 76 per cent of the voting rights and

take management. Meanwhile, the two groups are combining a variety of other specialist retailing interests in a second joint venture, Deutsche SR-Kauf, in which Asko will have

other country where it fulfils

its aim of being among the top 15 agencies. It is still a minor

player in the leading markets of the UK and West Germany.

Furthermore, a growing number of advertisers are con-solidating their accounts into

one international agency.
Unless BDDP offers an inter-

national service it not only

runs the risk of missing out on international business, but also

of losing its existing accounts.
Originally, Mr Boulet hoped
to build an international net-

work by merging with another

gency. Over the years he talked to

Chiat Day in the US, TBWA in France and WCRS — now involved with Eurocom — in

the UK. Late in 1988 he mooted the possibility of a merger with

Boase Massimi Pollitt. Their discussions broke down and BDDP mounted a hostile bid

for BMP in the spring.

The bid flopped, BDDP failed in its first serious foray into

76 per cent of the voting rights. Rumours of a deal between Asko and Metro have gathered pace in recent weeks as specu-lation has increased about Asko's strategy following its ejection from a wide-ranging European retailing alliance linking UK, French and Dutch chains.

Engelhard ends CanPac deal

ENGELHARD, the US precious metals and chemicals group 30.5 per cent owned by Minorco, the investment arm of Anglo American Corpora-tion of South Africa, has said it will not after all acquire Processed Minerals from Cana-dian Pacific US, writes Ken-neth Gooding, Our Mining Correspondent.

Agreement in principle for the \$110m cash purchase was reached in October. No reason was given for the collapse of

December 6, 1989

All of these securities having been sold, this announcement appears as a matter or record only.

December, 1989

3,000,000 Shares

JOSTCO WHOLESALE

Common Stock

400,000 Shares

The above shares were offered outside the United States by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

Banque Indosuez

Cazenove & Co.

Compagnie de Banque et d'Investissements, CBI

Paribas Capital Markets Group Swiss Bank Corporation

Société Générale

S. G. Warburg Securities **UBS Phillips & Drew Securities Limited**

2,011,500 Shares

The above shares were offered in the United States by the undersigned

Donaldson, Lufkin & Jenrette Securities Corporation

Bear, Stearns & Co. Inc. **Montgomery Securities** Drexel Burnham Lambert

Salomon Brothers Inc

Goldman, Sachs & Co.

Dean Witter Reynolds Inc.

William Blair & Company

Dain Bosworth

First Analysis Securities Corporation

C.J. Lawrence, Morgan Grenfell Inc.

Piper, Jaffray & Hopwood

Ragen MacKenzie

Stephens Inc.

588,500 Shares

The above shares are being offered directly by the Company to Carrelour Nederland, B.V. a principal shareholder of the Company, pursuant to an existing right of first refusal

Ratners Group plc

through its indirect wholly owned subsidiary

Sterling Inc.

has acquired

Weisfield's, Inc.

We initiated this transaction and acted as financial advisor to Ratners Group plc.

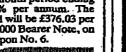
PaineWebber Incorporated

ALLIANCE LEICESTER Alliance & Leicester Building Society £200,000,000

Floating Rate Notes due 1993

In accordance with the provisions of the Notes, notice is bereby given that the Rate of Interest for the three month period ending 28th March, 1990 has been fixed at 15.25% per annum. The interest accruing for such three month period will be £376.03 per £10,000 Bearer Note, and £3,760.27 per £100,000 Bearer Note, on 28th March, 1990 against presentation of Coupon No. 6.

Union Bank of Switzerland London Branch Agent Bank





The Kingdom of Thailand U.S. \$85,000,000

Floating Rate Capital Notes due 2000 In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the second three months of the Interest Period ending on 30th March, 1990 has been fixed at 8%% per annum. The Interest accruing for such a three-month period will be U.S. \$108.22 in respect of the U.S. \$5,000 denomination and U.S. \$5,411.02 in respect of the U.S. \$250,000 denomination and will be payable together with the

interest for the first three months of the said Interest Period on

30th March, 1990 against surrender of Coupon No. 12.

Bankers Trust Company, London

Announcement of Public Takeover Bid for shares and convertible bonds of GRUPO TORRAS, SOCIEDAD ANONIMA.

La Comisión Nacional del Mercado de Valores as at December 28th 1989 has authorised the following Takeover Bid for shares and convertible bonds of GRUPO TORRAS, S.A., which shall be governed by the Law "Ley de Reforma del Mercado de Valores 24/1988 of July 28th; Royal Decree 726/1989 of June 23rd and by Royal Decree 279/1984 of January 25th", in accordance with the following

CONDITIONS

FIRST - Bidders:

The Companies KOOLMEES HOLDINGS, B.V. and KOKMEEUW HOLDINGS, B.V., both of Dutch nationality, with head offices in Rotterdam (Netherlands), Coolsingel, 119, and registered in the Chamber of Commerce of said city with registration numbers 152.260 and 170.249, respectively.

Both Companies belong to the Group KUWAIT INVESTMENT OFFICE (KIO) which holds 100% of the shares of both Companies, which group together and centralise the long term or permanent type investments carried out by the aforementioned KIO GROUP in Spain.

The Bid is made jointly and severally by both Companies, although the shares and convertible bonds shall be acquired exclusively by KOOLMEES HOLDINGS, B.V. since this Company is holder of the PRIMA INMOBILIARIA. S.A. shares which are offered in exchange.

SECOND - Nature of the Bid:

The Bid is of a mixed nature, being composed of sale and purchase and exchange for PRIMA INMOBILIARIA, S.A. shares. It is general and irrevocable.

THIRD - Securities which are the subject of the Bid:

The Public Takeover Bid is directed at:

- A. All the Company shareholders, and hence is offered to acquire to those who accept to sell be they individuals or corporate entities 59,433,783 bearer shares of nominal value 100 pesetas per share of GRUPO TORRAS, S.A. with coupon, which together with the 39,127,040 shares held by the Bidder KOKMEEUW HOLDINGS, B.V. represents all the share capital of the Company which is represented by 98,560,823 shares at 100 pesetas nominal value. All said shares are quoted on the Madrid and Barcelona Stock Exchanges except shares numbered 97.817.601 to 98.560.823 inclusive whose quotation is currently being processed and to which the current Bid is also extended.
- The shares shall be free from charges and encumbrances.
- B. All the holders of bonds issued up to the date of presentation of the Bid by GRUPO TORRAS, S.A., convertible into shares of the same and hence it is offered to acquire, to those who accept to sell, be they individuals or corporate entities 1,255,500 bonds which are still in circulation from the March 1988 issue, the first three conversion options of which have not been exercised.
 - The bonds shall be free from all charges and encumbrances.

FOURTH - Maximum and minimum number of securities involved in the Bid:

The minimum limit of shares offered for acquisition is 15,000,000 which represents approximately 15.22% of GRUPO TORRAS, S.A. share capital. The Bid shall not be considered valid if the stipulated minimum number of shares is not respected.

There is no minimum limit for the convertible bonds provided that the minimum number of 15,000,000 shares is reached. If the said minimum of 15,000,000 shares is not attained, the Bid shall have a negative result both as regards shares and convertible bonds. In the case where said minimum of 15,000,000 shares is attained, all the convertible bonds may be acquired by those who have accepted the bid.

The current Public Takeover Bid does not have any maximum limit and hence the Bidders commit themselves to acquiring all the securities presented, provided that these exceed the aforementioned minimum number of shares.

FIFTH - Payment to the holders of GRUPO TORRAS, S.A. shares and convertible bonds:

KOOLMEES HOLDINGS, B.V. offers the following consideration:

and the second second

- 5.1 To the holders of the GRUPO TORRAS, S.A. shares is offered in exchange for each nine shares in this Company one bearer share in the Spanish Company PRIMA INMOBILIARIA, S.A., at a nominal value of ONE THOUSAND PESETAS free from charges and encumbrances, quoted on the Madrid Stock Exchange and a further payment of eight thousand three hundred and fifty pesetas (8,350 pesetas).
- 5.2To the holders of the GRUPO TORRAS, S.A. convertible bonds is offered in exchange for each fifty convertible bonds at ten thousand pesetas nominal value, thirty PRIMA INMOBILIARIA, S.A. bearer shares, nominal value ONE THOUSAND PESETAS, free from all charges and encumbrances, quoted on the Madrid Stock Exchange and a further payment of two hundred and fifty one thousand pesetas (251,000 pesetas)
- 5.3 Where there may be fractions, payment shall be made in cash, paying the amount of one thousand eight hundred and fifty pesetas (1,850 pesetas) per share and ten thousand pesetas (10,000 pesetas) per convertible bond.
- 5.4In the event that any right (such as increase of capital, payment of dividends or interest or anything similar) be exercised during the time which elapses between the presentation date of the Bid until the date of acquisition on the part of KOOLMEES HOLDINGS, B.V., over GRUPO TORRAS, S.A. shares and convertible bonds which may be sold, the amount of the aforementioned right shall be deducted from the sum of money offered as additional payment.

${\bf SIXTH-Acceptance\ period:}$

The Bid acceptance period shall be for one month, from the announcement publication date in the Official Gazette (Boletín Oficial del Estado).

The period of one month shall be counted from date to date, except where the last day be a non-working day, and in this case, it shall be extended until the next working day. The period of presentation shall terminate punctually at midnight on the last day.

The aforementioned period may be extended up to a maximum of two months, in accordance with that laid down in Art. 14 of the Royal Decree 279/1984 dated January 25th.

SEVENTH - Expenses:

The operation shall be free of charge for the holders of GRUPO TORRAS, S.A. shares and convertible bonds who avail themselves of this current Bid.

EIGHTH - Objective of the acquisition:

The objective sought by means of the Public Takeover Bid for shares and convertible bonds is that the Companies which belong to the same Group, KOOLMEES HOLDINGS, B.V. and KOKMEEUW HOLDINGS, B.V. should obtain as a minimum between the two Companies, a participation of approximately 55% in GRUPO TORRAS, S.A. share capital.

Once the aforementioned participation has been obtained, the following shall be effected:

- a) Development of the long term objectives for the industrial group; that is, the search for companies, the taking of participation in these, their capitalisation, restructuring and consolidation which may guarantee their development and subsequent internationalisation; as well as the search for fitting partners, in order that jointly with GRUPO TORRAS, S.A. they may fulfil these objectives.
- b) Since this policy could give rise to relinquishing of profits in the short term in favour of a long term development objective, it is envisaged that the minority shareholders be given an opportunity to leave the Company.
- c) One other consequence of this focus on long term development is the need to reinvest practically all the self-generated resources in the Group and this shall mean a possible decrease in dividend.

d) As a consequence of the aforementioned, should the Bid be positive, KOOLMEES HOLDINGS, B.V. and KOKMEEUW HOLDINGS, B.V. shall propose to the GRUPO TORRAS, S.A. Board of Directors the possible inclusion on the Agenda of a future General Shareholders Meeting, the possible exclusion of GRUPO TORRAS, S.A. shares from official quotation on the Stock Exchange.

NINTH - Guarantees:

In guarantee for the current Bid, KOOLMEES HOLDINGS, B.V. and KOKMEEUW HOLDINGS, B.V. have presented to the "Comisión Nacional del Mercado de Valores" an aval granted by Banco de Santander, S.A. and certificate of proof of deposit in said banking entity of sufficient shares in the Company PRIMA INMOBILIARIA, S.A. in order to effect settlement of the Bid.

TENTH - Procedure:

Acceptances of the Bid must be sent in writing to the management companies of the Boards of the Madrid or Barcelona Stock Exchanges, through Security houses and members of said Exchanges.

The acceptance declarations should be accompanied either by the receipts of deposit, extracts of security accounts, the share certificates themselves, the sale and purchase documents, or where applicable, sufficient documentation to prove ownership, and tenure of the securities which are presented upon acceptance.

Acceptances of the Bid should be irrevocable and unconditional.

ELEVENTH - Apportionment:

In view of the fact that the current Bid of KOOLMEES HOLDINGS, B.V. and KOKMEEUW HOLDINGS, B.V. concerns the acquisition of all GRUPO TORRAS, S.A. shares and convertible bonds, the Bid is not therefore subject to apportionment.

TWELFTH - contract date and settlement of the current Bid:

To all effects the contract date shall be considered as the publication date of the definitive positive authorisation in the "Boletines de Cotización Oficial de las Bolsas de Valores" of Madrid and Barcelona.

Settlement for the current Bid shall be made according to the same system for cash operations, and this through A.B. Asesores Bursatiles Bolsa, SVB, S.A., BSN, S.A., SVB and Beta Bolsa, AVB, S.A., which shall represent the Bidders.

THIRTEENTH - Information:

The Bid explanatory brochure is available to the GRUPO TORRAS, S.A. shareholders and convertible bond holders at the "Comisión Nacional del Mercado de Valores", at the management companies of the Boards of the Madrid, Barcelona, Bilbao and Valencia Stock Exchanges, at the head office of A.B. Asesores Bursátiles Bolsa, Sociedad de Valores y Bolsa, S.A., Plaza de la Lealtad, 3, 28014 Madrid, BSN, S.A., SVB. Plaza del Marqués de Salamanca, 3 and 4, 28006 Madrid and Beta Bolsa, AVB, S.A., Claudio Coello, 78-4°, 28001 Madrid and at the head offices of KOOLMEES HOLDINGS, B.V. and KOKMEEUW HOLDINGS, B.V., Coolsingel, 119, Rotterdam (Netherlands).

The above mentioned is made public in fulfilment of that laid down in Article 11 of the Royal Decree 279/1984 dated January 25th, for the cognisance of the GRUPO TORRAS, S.A. shareholders and convertible bond holders who may be interested in this Public Takeover Bid for shares and convertible bonds in said Company.

Madrid on twenty ninth December of nineteen eighty nine.



Feldmühle Finance B.V.

Gennep, The Netherlands

DM 200,000,000 **8% Deutsche Mark Bonds of 1989/1999**

unconditionally and irrevocably guaranteed by

Feldmühle Aktiengesellschaft

Düsseldorf, Federal Republic of Germany

Offering Price: Interest: Maturity:

8% p.a., payable annually in arrears on December 29

December 29, 1999 at par Düsseldorf and Frankfurt am Main

Listing:

Deutsche Bank

Amro Handelsbank

CSFB-Effectenbank

(Deutschland) AG

Schweizerische Bankgesellschaft

Berliner Bank

Banque Paribas

Capital Markets GmbH

BHF-Bank

DG BANK

Schweizerischer Bankverein

(Deutschland) AG

Bayerische Vereinsbank

Commerzbank

Dresdner Bank

Westdeutsche Landesbank Girozentrale

FINANCIAL FUTURES + OPTIONS

The Financial Times proposes to publish a Survey on the above on

7TH MARCH 1990

For a full editorial synopsis and advertisement details, please contact:

Edward Macquisten

on 01-873 3688 or write to him at:

Number One, Southwark Bridge London SE1 9HL.

FINANCIAL TIMES

December 11, 1989

An 80% interest in



St. John Knits, Inc.

has been acquired by

ESCADA Escada AG

We initiated this transaction, assi negotiations and acted as financial advisor to the shareholders of St. John Knits, Inc.

PaineWebber Incorporated



Corporation No 3 Pic £14,200,000 Class C-2 Mortgage Backed Floating Rate Notes October 2023 For the interest period 2nd January

1990 to 2nd April. 1990 the Class C-1 Notes will bear interest at 15.425% per annum. Interest payable on 2nd April, 1990 will amount to £3.803.42 per £100,000 Note. The Class C-2 Notes will bear interest at 15%% per annum. Interest payable on 2nd April. 1990 will amount to £547,089.04 per £14,200,000 Principal Amount. Agent Bank:

London



BUILDING SOCIETY

£150,000,000 Floating Rate Loan Notes Due 1996 (Series A) 15.205%

2000.00 From

Credit Salest First Sesson Limited

PKbanken U.S. \$50,000,000 Floating Rate

Notes due 1991 For the six months 29th Decen 1989 to 29th June, 1990 the interest rate has been fixed ar 16.025% per annum. Interest payable on 29th June, 1990 will be U.S. \$810.15 per Note of U.S. \$10,000 denomination.

THE USM & THE THIRD MARKET The Financial Times proposes to publish this survey on:

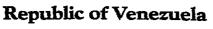
26th FEBRUARY 1990 For a full editorial synopsis and advertisement details, please

EDWARD MACQUISTEN on 01-873 3688

or write to him at:

Number One London SEI 9HL

FINANCIALTIMES



up to U.S. \$350,000,000

Floating Rate Notes Due 1995

In accordance with the terms and conditions of the Notes, notice is hereby given, that the interest rate for the Interest Period from 29th December, 1989 to 29th June, 1990 is 9% p.a. The Coupon Amount payable on the 29th June, 1990 for notes of U.S. \$10,000 and U.S. \$100,000 is U.S. \$489.76 and U.S. \$4,897.57 respectively.

Bankers Trust Company, London

Agent Bank

INTERNATIONAL CAPITAL MARKETS

Swede sells property portfolio for FI 360m

By Laura Raun

MR LARS-ERIK Magnusson, a Swedish investor, has sold a parcel of properties in Chicago, London, Brussels and Amsterdam for F1360m (\$188.38m) to
Folksam, the third largest
insurance company in Sweden.
The high quality office buildings, which have a value of
F1900m, comprise the lion's
share of Dala Holding, a real

estate investment company controlled by Mr Magnusson, who owns 75 per cent. Private investors in Sweden and the Netherlands own the other 25 A spokesman for Mr Mag-

A spokesman for our mag-nusson, who is based in Amsterdam, said yesterday he sold because of the attractive price offered by Folksam, a pri-vately held company. Swedish investors have been snapping up real estate in Europe and the US since last year when the law was changed to allow capital to go

changed to allow capital to go abroad.

abroad.

The remaining properties in Dala Holding — buildings in Chicago, New York and the Netherlands valued at FI 1.1bn - will form the core of a new

property company.

Its strategy will be to buy high quality real estate in central locations in principal cities around the world with an emphasis on Europe and the

• West World Holding, an 84.4 per cent subsidiary of Wer-eldhave, the Dutch investment company, has acquired an office building in Philadelphia

• Nationale-Nederlanden. the biggest insurer in the Netherlands, expects net profits per share for 1989 to be more than 15 per cent higher than those for 1988. Revenue is expected to be Fl 23.4bn.

Campeau reprieved temporarily

By Anatole Kaletsky in New York

CAMPEAU, the heavily indebted Canadian retail company which has been skirting close to bankruptcy for the past three months, was given a temporary reprieve on New Year's Day when Citibank, its lead banker, decided not to call in \$2.3bn worth of loans. Citibank had threatened two

weeks ago to call a default on to Federated Department Stores and Allied Stores, Campeau's main operating units.
This action would have

required the companies to repay their loans immediately and would almost certainly have caused both groups to seek protection in the bankruptcy courts. În Citibank's original

announcement, Campeau was given until December 31 to remedy its alleged defaults. The bank said on New Year's Day, however, that it was still in negotiations with Campeau and that no default had been Despite the reprieve from its

bankers, several analysts on Wall Street continued to argue yesterday that a Campeau bankruptcy announcement was likely within the next month.

The next critical date pin-

pointed by these analysts was January 10, when Campeau's department stores make their final payments to wholesale suppliers for goods shipped in 1989. Delaying a filing until then would enable the stores to go into bankruptcy without debts outstanding to suppliers.

BEHTSCHE MARK
STRAUBHTS

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Austria 6-1, 99.

Bank of Tokyo 5-1, 93.

Credit Foncier 6-1, 99.

E.I.B. 6-1, 95.

Earn Coald: Steel 5-7, 97.

Hydro-Queber 6-1, 99.

Lapan Dev. Bk. 5-1, 95.

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Ireland 7% 99.

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N.H.L. Finance 64 95.

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Portugal 64 95.

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Royal Insurance 5% 92.

Unicon Bk, Finland 5% 94.

World Bank 698.

World Bank 698.

World Bank 699.

International consortium to sell SFE Bank By David Lascelles, Banking Editor

THE NINE-BANK consortium

which owns Luxembourg-based Société Financière Européene, has agreed to sell its London subsidiary SFE Bank to Banca Popolare di Novara. The price is not being dis-

SFE bank has capital of about £50m and assets of £500m, mainly in the form of syndicated loans. It earns a return of some 11 per cent on capital.

The decision to sell was

taken because it was felt that the consortium bank had outlived its usefulness now that the owners all had international operations of their own, said Mr John Champion, the

The bank's sister bank in Paris will be kept on to specialise in project and corporate

The consortium owners are ABN, Bank of America, Ban-que Bruxelles Lambert, Banca Nazionale del Lavoro, BNP, Barclays Bank, Dresdner Bank, Sumitomo Bank and UBS.

Top performing markets for last year identified

By Stephen Fidier in London and Karen Zegor in New York

based in four main markets – US. Australia, Canada and Italy – would all have achieved total returns of more than 12 per cent by leaving their money in their home market last year, according to the JP Morgan Index. Total local currency returns

in the US were 13.97 per cent, while a 6.91 per cent fourth

GOVERNMENT **BONDS**

bonds pushed that market into second place with returns of 13.72 per cent. Canada's market returned 12.76 per cent and Italy's 12 per cent, against an average global yield of 9 per cent according to the index. The UK market managed 7.77 per cent

The Canadian market would have done best for US-dollar based investors, returning 16.12 per cent, followed by italy (15.46 per cent) and the US. Worst performers in US dollar terms of the main markets were the UK market (negative returns of 3.93 per cent) and Japan (minus 14.43 per cent).

THE West German govern ment bond market suffered a sharp downdraught yesterday. fears grew of an interes rate rise by the Bundesbank. There were two factors behind it a weekend newspaper interview in which the Bundesbank president Karl Otto Pöhl expressed concern about inflationary pressures in Germany and the central bank's moves in the short-term markets.

The Bundesbank is arrang ing two-tranche repurchase pacts today, carrying 29-day and 57-day maturities, to replace DM36.2hn in maturing repurchase agreements. The

GOVERNMENT bond investors last time the central bank based in four main markets — arranged a variable rate repur-us, Australia, Canada and chase agreements in the onearranged a variable rate repur-chase agreements in the one-month area was in October, when it also raised rates.

By the fixings around the middle of the day, the markets was up to 1% points down. Some strengthening of the dollar further weakened the mar-ket in the afternoon, and it closed up to 1% points down on Thursday, the last official

THE UK government bond market started the decade with a hangover, partly as a reaction to the price gains on Friday following better than expected UK trade figures. But trading was slow, as reflected in the modest volume of 11,500 contracts traded in the long gilt future on the London International Financial Futures

Trading appeared to be unduly affected by hedging operations linked to three £100m Eurosterling issues in the four to five year maturity range brought to market yes-terday. Prospects for further supply in the corporate bond market also affected sentiment.

ambiguous note for the US debt market, with treasury bonds drifting in a narrowly mixed range in the first morn-

ing of the new decade. At mid-session, the Trea-At mid-session, the Treasury's benchmark 30-year bond was down h at 101%, yielding 7.97 per cent. At the short end of the yield curve the two year issue was unchanged, yielding 7.83 per cent, while medium-term treasury notes were up about 1. The Federal Reserve arranged two-day system repurchase agreements when Fed funds, the rate at which banks lend to each other, were trading at 8½ per cent, above the Federal Reserve's per-ceived target level of 8½ per

The debt market seemed largely impervious to yester-day morning's purchasing managers' report, which indi-cated that the industrial sector of the economy was stronger

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BENCI	Couper	Red	Price	Change	Yleid	Week	Month
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US TREASURY	7.875 8.125	11/99 8/19	99-19 101-19	-2/32 -0/32	7,93 7.96	7,82 7,88	7.82 7.89
JAPAN No 111 No 2	4.800 5.700	6/99 3/07	94.3470 100.3480	-	5.72 5.66	5.69 5.66	5.38 5.51
GERMANY	7.000	9/99	96.3200	-1.280	7,54	7.18	7.24
FRANCE BYAN OAT	8.000 8.125	10/94 5/99	91.8751 91.8000	-0.852 -0.850	10.21 9.50	9.81 9.19	9.58 9.07
GANADA *	9.250	12/99	98,0000	-0.250	9.56	9.50	9.67
NETHERLANDS	7.250	7/99	94.6700	-1.180	8.07	7.77	7.76
AUSTRALIA	12.000	7/99	95.0194	-0.209	12.92	13.01	13.05

FT INTERNATIONAL BOND SERVICE

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Nat. Aus. Bit. 114 14 94AS.
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FLOATING RATE terrt. in Industry 94 5.
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New Zealand 5 97 5.
Northern Rock 92 5.
State Bit. New 98 US.
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GONVERTIBLE
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† Only one market maker supplied a price

ght Bonds: The yield is the yield to redemption of the mil - amount, issued is in millions of currency units except unds where it is in billions. Change on week — Change con-

For the interest period 29th December, 1989 to 31st January, 1990 the amount pavable per U.S. \$10,000 More will be U.S. \$76.20. The relevant interest payment date will be 31st January, 1990. Listed on the Luxembourg Stock Exchange Bankers Trust Company, London

Crédit Commercial de France

U.S. \$250,000,000

Floating Rate Notes due 1997

Agent Bank

IJ

TODAY'S LEADER

IN TOMORROW'S WORLD



Over the last decade British Aerospace has grown to become Britain's largest manufacturing company, with over 50% of its business serving civil markets.



A near tenfold increase in sales during the decade has established British Aerospace as one of Europe's fastest growing businesses.



In the same period, 62% of total sales have been achieved in overseas markets and British Aerospace has become by the end of the decade Britain's number one manufacturer and exporter.



As a major player in the international defence equipment industry, British Aerospace through its collaborative programmes has secured significant contracts worldwide throughout the '80s.



In both domestic and international markets, British Aerospace has extended its activities into vehicle manufacture, information technology, optronics, tele-communications, property development and construction.



1990 marks the beginning of a new decade of achievement. Investment in research, in human resources and in manufacturing technology will enable British Aerospace to maintain its dominant position well into the 21st century.



DEFENCE SYSTEMS · COMMERCIAL AIRCRAFT · MOTOR VEHICLES · SPACE SYSTEMS PROPERTY DEVELOPMENT & CONSTRUCTION · ENTERPRISES

Firms lose sight of the gravy train

A return to big profits is not on the menu, reports Richard Waters

or US brokerage houses the 1960s ended as they started, with intense competition still calling into question the viability of basic narket activities

The only thing that has changed as they enter the 1990s is that they are no longer alone. London's stockbrokers, which witnessed the deregulation of their market in 1986, now have a valid claim to now have a valid claim to being worse off than their counterparts elsewhere in the world.

An estimated £900m of capital was committed to London's equity markets as the decade closed. The estimated return on this is no more than £50m

The picture may look bleak, but securities firms have in the past managed to find lucrative activities to make the business worthwhile — the fixed-income markets from the 1970s, for instance, or the junk bond extravaganza of the 1980s.

However, markets like New York and London are unlikely ever to return to the good old days. The harsh reality is well illustrated in an unpublished survey carried out for London's International Stock Exchange by Peat Marwick. the firm of accountants.

Conducted earlier this year. when trading volumes in London were at a level which few expect to be exceeded in the foreseeable future, it showed the average cost of a transaction for brokers was slightly more than £200 (which is also about the average commission

earned on a bargain). Between £70 and £80 of this was due to the cost of maintaining a research operation yet many investors claim the quality of research has been falling. This is clear evidence that brokers are still a long way from delivering what their customers want and are maintaining unrealistically large

operations. Mr Perrin Long, an observer with Lipper Analytical in the US, forecasts the 1990s will see some firms finally accepting reality and abandoning institutional listed equity business.

"These manage-ments...realise they can't "These afford to carry on in a business that will, at best, break even,"

The move towards in house research among investing insti-tutions in the Anglo-Saxon

world, though progressing slowly, is likely to hasten this. Soft commissions are also slowly eating their way into the profits of the research-based houses.

The contrast with Japan is

stark. The world's biggest market, where fixed commissions persist, has ended the decade strongly. True, Nomura, Daiwa, Nikko and Yamaichi, the country's Big Four securities firms, are losing market share in their home market, and profits on large institutional transactions have begun to fall.

But Japanese firms still manage to return huge profits, aided latterly by the equity

warrants business.
The four, for instance, reported combined profits of more than Y300,000bn (\$2.1bn) in the six months to September, with about half of this

coming from equity warrants.
What chances of a squeeze on Japanese broking margins in the 1990s? The logic of dere-gulation and competition suggests margins must tumble, although no one with experience in the market expects it to become as cut-throat as else-

The warrants market, however, is likely to become pro-gressively less profitable as Japanese issuers, encouraged by the Ministry of Finance, turn to other forms of finance.

his picture of reducing profits, fostered by deregulation, is enhanced by the spread of new technology. More efficient dissemination of information and the development of computerised trading makes the capital markets increasingly "efficient" - and reduces the role played by the securities firms as intermedi-

Faced with vanishing margins in their core business in large parts of the world, where will securities firms' profits come from in the next 10

The markets outside the leading three financial centres will continue to yield a comfortable, if not extravagant, living for brokers. The developing European and Far Eastern markets, where commissions are frequently still fixed, present profitable opportunities, although on a smaller

Such markets provide a wel-

come source of income to replace earnings lost else-where. It is no surprise that British firms like BZW and James Capel are already taking more than half their revenues from non-UK equities, a sign as much of the squeeze in London as the buoyant conditions else-

Others, like Baring Securities, have grown quickly and profitably after deciding not to become involved in their



This internationalisation firms will make money over the next decade.

Existing skills are being used increasingly to sell stocks across borders, providing export opportunities for a firm's basic research "products." The next step — one already under way— is for firms to develop presearch skills firms to develop research skills outside their home market and export these.

International stocks are a growth area for many firms. The Peat Marwick survey indicates that the cost of transact ing an international equities deal is about 50 per cent higher than the cost of a deal in domestic equities – but these are costs which firms are well

While this provides a useful new-income stream, it will not replace the sort of profits made during the bull markets of the early and mid-1980s. For firms wanting to make serious money in the next 10 years, there are two avenues open.

The first is a truism of the business; spot — or better still invent — the next big product

or market before anyone else. The 1980s bear testament to the profits available to those alert to new and seemingly esoteric securities products, from mortgage-backed securities to Japanese equity war-rants. The high margins rewarding those first into a market may be eroded faster than before as product life cycles shorten and competition intensifies, but rewards will remain for the quick-witted.
The second avenue high-

lights the income firms can generate from taking positions as principals. The merger and acquisition fees of the 1980s, bolstered by strong corporate activity, are likely to be enhanced in the 1990s by firms' increased willingness to take stakes in companies they

Mr James Fergusson, deputy chairman of James Capel, believes this means that securifirms have to become adept at managing short-term investments. "It's like becoming a fund manager," he says. Combine derivatives and the willingness to take principal positions, and the opportunities for some sophisticated in-house market activities mul-

tiply.
This will lead to a fundamental strong to the stron tal shift in relationships between investment houses and their investing clients. One result will be a new market for truly independent providers of services to investors, who will be forced to look elsewhere for support services they have not taken in-house. When the 1990s end, the traditional names in the business are likely to have been joined by new ones — this is the decade that the US and Japan are expected to let commercial banks into investment banking

ill they come? An official at one securities firm says: "I would be surprised if there was a stampede. Securities houses returns are volatile and have been under pressure."
True, but the banks may feel

they have no choice if, faced with a secular decline in their traditional lending business, they want to retain a role in the capital-raising activities of their valued clients.

With such a prospect there is little chance that the profits of the industry at the end of the 1990s will be any greater or more stable than at the begin-

ning.
This is the sixth in a series of articles, which have appeared on December 8, 13, 15, 20 and 22.

Merger and acquisition activity in **US tumbles**

By Roderick Oram in New York

US MERGERS and acquisitions activity fell sharply last year, playing havoc with the rank-ings of Wall Street investment banks. Several firms famous for aggressive and opportunis-tic deal-making came to the fore, while some more conser vative firms slipped down the

league tables.

In spite of the inclusion of the \$30.6hn leveraged buy-out of RJR Nabisco, which closed early in 1989, the total value of deals completed last year plunged by 32 per cent to plunged by 38 per cent to \$388.3bn from \$676.6bn in 1988, according to figures compiled by Securities Data. The number of deals slipped to 1,539 from 1,653. The most dramatic decline

came in leveraged buy-outs, which shrank to 161 deals worth \$89.9bn from 235 worth \$175.6bn a year earlier.

A crucial factor was the demise of the junk bond market during the second half of

the year. Within the overall downturn of M&A activity, some indus-try sectors remained particu-larly strong. Pharmaceuticals, publishing and communica-tions were three of the liveliest areas, including the \$14.1bn merger of Time and Warner Communications.

Ranked by the total value of deals on which they advised, Morgan Stanley was first with \$119.8bn and 167 deals (up from third in 1988); First Boston \$82.3bn, 190 deals (second in 1988); Wasserstein Perella \$79.7bn, 53 deals (sixth); Goldman Sachs \$66.5bn, 170 deals (first); Drexel Burnham Lambert \$51.4bn, 125, deals bert \$61.4bn, 125 deals (eighth); Merrill Lynch Capital Markets \$56.4bn, 107 deals (ninth). Salomon Brothers fell to tenth place, with \$31.6bn and 118 deals, from fifth.

The sharp downturn in takeover activity was also reflected in Wall Street firms' diminished enthusiasm for merchani banking. They took stakes for their

own account in deals worth \$24.8bn last year, from \$95.5bn a year earlier. The number of merchant banking transactions was flat at 82, against 83 a vear earlier.

Lively new-issue activity starts bout of indigestion

By Stephen Fidler, Euromarkets Correspondent

THE EUROBOND market opened the decade with a bang, but three new issues for high-quality borrowers in sterling brought an immediate bout of New Year indigestion.

New Year mogestion.

By swap opportunities opened up in sterling, playing an important part in prompting the three issues to go

Opportunities appear to have been created largely by a shift-ing of gilts, used as swap mar-ket reference stocks, with the change of the year. The 10 per cents of 1994 have become the new four-year reference, for

A £100m five-year issue for Deutsche Bank was the first sterling Eurobond to be lead managed by the Bank's own London capital markets subsidiary. Carrying a coupon of 12%

per cent and a price of 101%, it yielded, at full fees, a premium of 92 basis points over the 10% per cent gilt of 1995.

Its reception suffered as the other two issues were announced. A weakening of the other two issues were announced. the gilt market, caused partly

INTERNATIONAL BONDS

by dealer bedging, also occurred and the issue closed outside fees, bid at a discount of 2.10 to issue price.

S.G. Warburg brought a £100m issue for Unilever, the borrower's first foray into the sterling Eurobond market. With a 12% per cent coupon and an issue price of 101%, the bonds were given a fixed reof-

fered price of 99.30, which appeared to hold in spite of the weakening of the git market. At the reoffer price the issue yielded 88 basis points over the 10 per cents of 1994, (93 basis points at full fees).

J.P. Morgan's deal for its own London branch has a similar maturity, a 12% per cent coupon and a 101.425 issue price. At full fees that yielded 100 basis points over the gift. 100 basis points over the gilt. With sterling's recent weak-ness some retail demand was

ness some retail demand was expected to emerge, particularly in Germany. In spite of the poor underlying market, all performed creditably, holding their yield spreads.

Deutsche also brought a DM1bn five-year deal in its home market with a 7% per

cent coupon and 100% issue

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wedish Export Credit(c)	. 200	12	100%	1991	7 ₈ /1 ₂	Bankers Trust Int.
redish Nat.Housing Fin.(a)	. 208	8-14 T	101%	1295	1%/14	Nomura Int.
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ıstralia Nat. Raliways(a)◆	120	Zaro	23.60	2002	14/6	Fay, Richwhite
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illever(a) ◆	100	1214	1014	1994 .		S.G. Warburg Secs.
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organ Guaranty Trust(a) 🔷	100	123	101.425	1994	1-8/1-8	J.P. Morgan Secs.
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NE NE						
renska Handelsbanken(b) •	4.5bn	8	101 %	1993	134/3	Bankers Trust Int.
tion Bank of Finland(b)	1.5bn	84	100%	1991	72/12	Nippon Credit Int.

must comment by January 31.

The new rules would set strict guidelines for advertising

by prospectus or private place

Additional filings and delays would add to underwriting

LONDON TRADED OPTIONS purchases of underlying stock.

The FT-SE was the busiest con-tract as it traded hesitantly within

an 18-point range. Initially, the FT-SE looked as if it might break

the all-time high but doubts set in after an early decline on Wall Street and for the rest of the day the London market struggled to recapture the initial gains.

The FT-SE traded 4,064 lots,

costs under the new rules.

Greater disclosure would be required for private place-

Canada may tighten rules | Investment bank for securities marketing

By Robert Gibbens in Montreal

CANADIAN regulators have raised. The securities industry proposed stringent rules for the marketing of securities, with the aim of reducing mis-leading and high-pressure cam-

The most controversial aspect is that private placements of stock would be regulated closely and investment firms' costs and risks in the distribution of securities generally would be significantly

THE traded options market had a

quiet start to the new year, reflecting the lack of business in

the stock market. Turnover was

been boosted by the expiry of the December FT-SE 100 index options and, apart from one large deal in the Water Package, transactions were smeil-scale.

Yesterday's total amounted to 15,540 contracts, compared, with 19,158 on Friday. This was divided between 11,631 calls and

to be launched in Pakistan THE International Finance

Corporation, a World Bank affiliate, American Express, and a Pakistani company are to launch an investment bank, securities offerings, whether Reuter reports.

Of the proposed bank's Rs50m (\$2.4m) sponsors equity, the IFC will put up Rs5m with American Express and the local company, Packages, sharing the remainder equally. Another Reson will be raised through public subscription.

Among the stock options, the Water Package was the busiest, trading 1,675 contracts, all of

Package turnover was boosted after Tullett & Tokyo sold 1,000 March 1,600 calls at 90p, which was said to have been a buillish

of 200 times for 25p

LONDON MARKET STATISTICS

RISES AND FALLS YESTERDAY

	FT-A	CTU	ARIE	S SH	ARE	INC	ICE	5			
	These Indices ar		-	•		_		_	•		
_	EQUITY GROUPS	UI AC			uary 2			Fri Dec	Thu Dec	Wed Dec	Year
		l				_		29	28	27	(approx)
	& Sub-Sections			Est.	Gross	Est		[
Fi	oures in parentheses show number of	index	Day's	Earnings Yield%	Div. Yield%	P/E Ratio	nd adj. 1990	Index	Index	index	Index
	stocks per section	No.	Change	(Max.)	(Act at	(Net)	to date	No.	No.	No.	No.
-		074 00	%	70.00	(25%)		0.00		001 30		
1 2	CAPITAL GOODS (202)		+0.9 +1.6	12.19 13.56	4.56 4.87	10.09	0.00 8.00	927.39	927.39 1142.39	916.94 1116.31	775.54 939.86
3	Contracting Construction (36)	7574.40	+1.5	16.06	4.96	8.16	6.00				
4			+0.8	10.06	4.63	12.50	0.00	2664.89	2664.89		
5	Electronics (30)	1944.04	+0.7	9.40	3.76		6.60		1938.96		
6	Engineering-Aerospace (8)	488.22	+0.5	12.32	4.52	10.02	0.00		0.00	0.00	0.00
7	Engineering-General (44)	487.03	+0.6 +1.3	11.50 24.31	4.80	10.48	9.00 9.09		9.80 478.70		9.06 452.65
8			+1.7	23.54	6.29 5.37	4.64 8.66	8.00	386.33	386.31		258.24
10	Other Industrial Materials (25)	1745.78	+0.4	9.61	4.12	12.08	0.00	1738.28			1311.63
21	CONSUMER GROUP (180)	1337 92	+0.5	8.50	3.55	14.71	0.00		1331.80		1016.74
22	Brewers and Distillers (22)	1556.75	+0.7	9.20	3.38	13.58	0.00				1112.42
25	Food Manufacturing (19)	1174.98	+8.1	9.24	3.76	13.43	8.08		1173.45		926.04
	Food Retailing (16)	2312.81	1.0- 1.0+	8.88	3.27 2.39	14.60 20.82	0.80 6.00	2315.06	2315.06 2722.96		1784.64 1778.20
27	Health and Household (13)	1472 12	+0.1	5.72 7.99	3.54	15.41		1671.48			1346.22
31	Packaging & Paper (15)	562.40	+0.9	11.85	5.13	10.60	0.00	557.55	557.55		525.88
32	Packaging & Paper (15)	3778.37	-0.1	8.33	4.64	15.51	0.00		3782.54		
34	Stores (31)	811.79	+1.2	10.82	4.61	12.03	0.00	802.39	882.39	799.80	679.97
35	Textiles (13)	533.40	+0.6	10.84	5.61	11.19	9.00	529.97	529.97	526.18	464.71
40	OTHER GROUPS (103)	1214.04	+0.8 +0.2	10.55 6.75	4.50 2.31	11.35 18.19	9.00 90.0		1204.08 1564.46		296.15 1030.84
42	Agencies (16)Chemicals (22)	1252.32	+0.2	12.11	5.14	9.74	0.00		1242.60	1229.34	
43	Conglomerates (14)	1657.42	+1.2	10.96	5.27	19.68		1637.07		1623.85	1254.94
44	Transport (13)	2378.87	+1.5	10.17	4.84	12.52	0.00	2342.98	2342.98		1844.30
46	Transport (13) Telephone Networks(2) Water(10)	1277.38	+1.0	9.94	4.01	13.88	0.60		1264.84		1002.43
47	Water(10) Miscellaneous (26)	1985.65	+0.9 +0.1	17.55 8.98	6.82 4.20	6.31 12.55	0.00 0.00	1968.45 1968.45	0.00 1968.45	9.60 1945.96	6.00
48	INDUSTRIAL GROUP (485)		+0.1	10.05	4.09	12.18	6.00	1205.72	1205.72	,	935.74
	Oil & Gas (15)		+0.7	8.74	4.63	15.12	9.00	2464.61			
_	500 SHARE INDEX (500)	1319.17	+0.7	9.86	4.17	12.52	0.00		1310.62		
61	FINANCIAL GROUP (116)	865.68	-0.1 +0.2	19.26	4.89 5.62	6.82	0.00 2.00	866.85 892.48	866-85 892-48	857.64 882.52	670.84 657.74
	Insurance (Life) (7)		-0.1	17.20	4.54	0.02		1463.80			937.46
66	Insurance (Composite) (7)	763.09	-0.7	[-	4.95	-	8.00	768.11	768.11	756.59	528.72
67	Insurance (Brokers) (6)	11176.65	0.9	6.31	5.36	21.09	0.00	1187.21	1187.21	1173.59	916.68
68	Merchant Banks (10) Property (49)	484.30	+0.2] ='	3.57	. .	0.00	483.49	483.49	478.51	318.85
69 70	Other Financial (28)	1441.01	-0.4 +0.5	7.47 12.33	3.49 6.13	16.93 10.64	0.00 0.00	1233.07 340.64	1233.87 340.64	1223.66 337.72	1198-13 342-99
71	Investment Trusts (68)		+0.4		2.78	10.04	0.00		1296.98	1293.05	922.64
91	Overseas Traders (5)	1601.26	-0.2	8.63	4.94	13.33	8.66	1604.27	1664.27		1273.76
99		1210.92	+0.5	-	4.24		0.00	1204,70	1204.70		921.22
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Index-Linked Up to 5 years 1 Over 5 years 1	141.53 140.94 140.86	+0.06 +0.02	141.44 140.91 140.83		0.00 0.00 0.00	12 13	Inflation rate 5% Up to 5yrs. Inflation rate 5% Over 5 yrs. Inflation rate 10% Up to 5 yrs. Inflation rate 10% Over 5 yrs.	3.61	3.85 3.61 2.96 3.44	3.86 3.75 2.66 3.67
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15,540 contracts, compared with 19,158 on Friday. This was divided between 11,631 calls and 3,909 puts. Analysts said the greater number of calls traded did not reflect a more buillish stance by investors towards the equity market, although dealers said some of the larger stock option trades had been buillish and were linked to	The FT-SE traded 4,064 lots, against 6,521 on Friday. Yesterday's total included 1,844 calls and 2,220 puts, with the January 1,900 put series the busiest; trading 400 contracts. Of the larger trades, a US investment house was said to have sold 250 February 2,550 calls at 27p, while a European bank sold the January 2,300 puts and 2,550 calls a total	BP was active with 1,023 contracts changing hands. Of this 344 were calls and 679 were puts. The April 330 call series was the busiest, trading 504 lots. Hanson also traded 1,023 lots, divided between 1,000 calls and 23 puts. The February 220 call was the busiest series, trading 525 lots.
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UK COMPANY NEWS

Fergabrook £6m publishing purchase | Carron Phoenix

By John Thornhill

FERGABROOK GROUP, the USM-quoted distributor and maker of footballs, toys and plastics, is broadening its interests in publishing and promotions through the acquisition of a division of Celebrity Group Holdings for up to

The acquired division embraces a variety of activities, including the publication of comics and magazines, such as Baskethall Weekly, Rupert Bear, and Count Duckula, based on the vegetarian vam-pire duck character which Fergabrook makes as a

It also promotes soccer and rugby league sporting events and is expanding into corporate videos and conference and seminar management. In the year to the end of January 1989, the division recorded pre-tax profits of £1m and at that date had net assets of £450,000.

Fergabrook, which is in the process of changing its name to Clearmark Group, is to pay an initial 23m in cash and credit agreements, and may make a further payment of up to the in shares depending on the division's profit performance over the next two years.

Mr. Philip Harrison, chief executive of Fergabrook who has helped revamp the company after a reverse takeover in September 1988, said he had looked at over 50 possible acquisitions before concluding this deal, and was convinced the purchase was a good one.

Every one of the division's product areas related to one of our activities. It fitted beautifully and we could not walk away from it," he said. Since the takeover in 1988, Fergabrook has largely diversi-fied away from the toy indus-

try and is now best known for selling about 12m Wembley NOTICE OF REDEMPTION To the Holders of the

Shell Oil Company (a Delaware, U.S.A., corporation)

9%% Notes Due 1990

PHELL OIL COMP

GOLF FUND PLC

GIROZENTRALE GILBERT ELIOTT ARE-PLEASED TO ANNOUNCE THE PRIVATE PLACING AT PAR OF 23.1 MILLION £1 ORDINARY SHARES IN GOLF FUND PLC

> Girozentrale Gilbert Elfott Girozentiale Vienna

COMPANY NOTICES

A/S VARDE BANK

USD 15,000,000 FLOATING RATE SUBORDINATED NOTES DUE 1994 In accordance with the provisions of the notes, notice is hereby given that for the period 29 December 1989 to 29 Jame 1990, the notes will carry a rate of interest of 8%% pct per annum with a coupon amount of USD \$4,360.42. CHEMICAL BANK AGENT BANK



Count Duckula: featured in one of the comics being acquired and Frido plastic footballs a annual remuneration of

Mr Alan Kingston, one of the original founders of Celebrity, will join Fergabrook as managing director of its new division, and will enter into a three year service contract, receiving an

£110,000. He will also be invited to join Fergabrook's board. The privately-owned Celebrity will concentrate on its remaining Zodiac Toy subsidiary, which was bought from

Ward White in April 1988.

Berry Birch associate disposes of lossmakers

INTERPLEX Technologies, an associated company of Berry, Birch and Noble, the USM-quoted financial services and microelectronics group, has disposed of two loss-mak-ing subsidiaries — Global Specialties Corporation (UK) and

R&L Instruments. The share capitals of the two micro-electronics companies held by Interplex have been bought for a nominal consideration by E&L Technologies, a newly-formed management buy-out company.

At the same time Berry has acquired, for a nominal consideration, the remaining 50 per cent of Interplex that it did not

As part of the arrangements for the settlement of inter-company debt, E&L Technologies has issued 40,000 'A' preference shares of £1 each to Berry. Certain other inter-company debt has been written off.

In the six months to end-July 1989 Berry reported a loss of £375,000, which resulted in the resignation of Mr Ron Springall as chairman.

Its share of the pre-tax loss of the associated companies then was £53,528, and the net effect of these transactions on its accounts for the six months to end-January 1990 is esti-mated at a loss of £20,000.

COMPANY NEWS IN BRIEF

ARMSTRONG EQUIPMENT: The offer made by Caparo for the preference capital has been accepted in respect 92,197 shares (92.2 per cent). The offer will remain open until further

BARDSEY: Recommended offers by Beckenham Group have been declared wholly unconditional In aggregate, acceptances valid in all respects have been received in respect of 60.6 per cent of the Bardsey capital as enlarged by the exercise of the Bardsey

KLEINWORT BENSON Investment Management: Net asset values of funds managed at December 22 1989 - Jos Holdings 187.3p; Kleinwort Charter Investment Trust 193.8p; Kleinwort Overseas Investment Trust 209.4p; Kleinwort Smaller Cos Investment Trust 166.1p; The Merchants Trust

MERGER CLEARANCE: The proposed acquisition by Thorn EMI Home Electronics (UK) of certain assets of Bennett and Fountain Group will not be referred to the Monopolies and Mergers Commis-

MORGAN GRENFELL: Deutsche Bank's £950m bid has been declared uncon-ditional. The bank controls about 59.5 per cent of Morgan's shares. The offer remains open until further notice.

MMT COMPUTING: 500,000 new ordinary were issued

at 143.5p. The shares were placed with institutional clients of Albert E Sharp and THAI PRIME FUND: The unandited net tangible asset backing per preferred share at December 29 was.

TRINITEC: Metrologie Interna-

for cash on December 29

tional, Paris-based computer distribution group, has acquired the balance of Trini-22 per cent stake). It is, at the same time, forming Metrologie, which will be the UK holding company for both the newly-acquired Trinitec and Rapid Recall, which is already 100 per cent Metrologie owned. The acquisition of Trinitec was for cash as well as shares in the new Metrologie.

switches backing to Franke cash offer

terday as the Falkirk-based domestic sink manufacturer announced it had recommended an £8.32m cash offer from the Swiss-based Franke Holdings company.

The recommendation super-

seded a £6.8m agreed bid from Groupe Bene, a private French company, which was made about two weeks ago. Bene said last night that it

was considering its position and that it would make a further announcement in due

The news was not totally unexpected as Carron Phoenix had said last week that it was in discussions with Franke. Its

A STRUGGLE for control of shares fell 5p yesterday to Carron Phoenix broke out yes-close at 74p.

Franke, a privately-owned holding company of a multinational group of companies, manufactures stainless steel and polymer kitchen sinks. It said that a merger of its inter-ests with those of Carron Phoenix would enable it to offer a broader range of sinks and catering equipment in wider markets in Europe and North America.

Franke already owns 6.4 per cent of Carron Phoenix shares and has received acceptances representing a further 26.3 per cent. Its offer values each Carron share at 73p, compared with Bene's 60p offer which is worth per share.

Norfolk Capital to sell Sloane Club for £18m

By Andrew Hill

NORFOLK CAPITAL Group is to sell London's Sloane Club to a private company for £18m. The hotel group – which is threatened with a management coup by Edinburgh-based Bal-moral International – bought the Sloane in May 1988 for

Thomas Peterson Associates is to buy the Sloane for cash. It is the private company's first investment in the UK hotel market. The sale proceeds will be used to reduce Norfolk's borrowings to £52m, or 25 per cent of shareholders' funds.

Norfolk stressed yesterday that the sale was part of a continuous management review" of its portfolio and had not been prompted by the unwelcome approaches of Balmoral, which owns a 12 per cent stake in Norfolk.
The hotel company said the Sloane, a middle-market members-only residential club, looked out of place next to the

more upmarket St James's Clubs in London, Paris and Los Angeles, which it also owns. At the end of 1988, the Sloane Club Group's net assets stood at £16.3m and its trading

profit for the 11 months to November 30 1989 was £1.06m. A triumvirate headed by hotelier Mr Peter Tyrie, Balmoral's managing director, wants to oust Norfolk's managing director, Mr Peter Eyles, and take over management of the group. A special share-holder meeting is to be held at

Eurocom has 10% of WCRS

Eurocom, the French of an agreement - struck last advertising agency, has acquired a 10 per cent holding
or 7.21m shares - in
WCRS, the UK marketing

group.

The transaction forms part

autumn when Eurocom bought 60 per cent of WCRS's advertising interests - that the French agency could acquire up to 14.99 per cent of WCRS's

This advertisement appears as a matter of record only.

THE BECKENHAM GROUP plc

has merged with

BARDSEY PLC

Initiated and introduced by

Member of The Securities Association 14 Pall Mail, London SW1Y 5LU. Tel: 01-839 4121 Fax:01-839 1131

TENDER NOTICE

UK GOVERNMENT ECU TREASURY BILLS

For tender on 9 January 1990

The Bank of England announces the issue by Her Majesty's Treasury of ECU 900 million nominal of UK Government ECU Treasury Bills, for tender on a bid-yield basis on Tuesday, 9 January 1990. An additional ECU 50 million nominal of Bills will be allotted directly to the

2. The ECU 900 million of Bills to be issued by tender will be dated 11 January 1990 and will be in the following maturities:

ECU 300 million for maturity on 15 February 1990 ECU 300 million for maturity on 12 April 1990 ECU 300 million for maturity on 12 July 1990

3. All tenders must be made on the printed application forms available on request from the Bank of England. Completed application forms must be lodged, by hand, at the Bank of England, Securities Office, Threadneedle Street, London not later than 10.30 a.m., London time, on Tuesday, 9 January 1990. Payment for Bills allotted will be due on Thursday, 11 January 1990.

Each tender at each yield for each maturity must be made on a separate application form for a minimum of ECU 500,000 nominal. Tenders above this minimum must be in multiples of ECU 100,000 nominal.

Tenders must be made on a yield basis (calculated on the basis of the actual number of days to maturity and a year of 360 days) rounded to two decimal places. Each application form must state the maturity date of the Bills for which application is made, the yield bid and the amount tendered for.

6. Notification will be despatched on the day of the tender to applicants whose tenders have been accepted in whole or in part. For applicants who have requested credit of Bills in global form to their account with Euro-clear or CEDEL, Bills will be credited in the relevant systems against payment. For applicants who have requested definitive Bills, Bills will be available for collection at the Securities Office of the Bank of England after 1.30 p.m. on Thursday, 11 January 1990 provided cleared funds have been credited to the Bank of England's ECU Treasury Bills Account No. 59005516 with Lloyds Bank Plc, International Banking Division, PO Box 19, Hays Lane House, 1 Hays Lane, London SE1 2HA. Definitive Bills will be available in amounts of ECU 10,000, ECU 50,000, ECU 100,000, ECU 500,000, ECU 5,000,000 and ECU 10,000,000 nominal.

7. Her Majesty's Treasury reserve the right to reject any or part of any tender.

8. The arrangements for the tender are set out in more detail in the Information Memorandum on the UK Government ECU Treasury Bill Programme issued by the Bank of England on behalf of Her Majesty's Treasury on 28 March 1989, and in supplements to the Information Memorandum. All tenders will be subject to the provisions of that Information Memorandum (as supplemented).

9. The ECU 50 million of Bills to be allotted directly to the Bank of England will be for maturity on 12 July 1990. These Bills may be made available through sale and repurchase transactions to the market makers listed in the Information Memorandum (as supplemented) in order to facilitate settlement.

10. Copies of the Information Memorandum (and supplements to it) may be obtained at the Bank of England, UK Government ECU Treasury Bills are issued under the Treasury Bills Act 1877, the National Loans Act 1968 and the Treasury Bills Regulations 1968 as

Bank of England 2 January 1990



Banca della Svizzera Italiana London Branch

U.S. \$150,000,000 **Euro-Commercial Paper** and Certificate of Deposit Programme Standard & Poor's A-1+, Moody's P-1

S.G. Warburg Securities

Barclays de Zoete Wedd Limited

S.G. Warburg Securities



Notice of Annual General Meeting

The Shareholders of Perstorp AB are hereby invited to attend the Annual General Meeting to be held on Saturday, 27th January, 1990 at 10 a.m. (Swedish time) at Persgarden, Perstorp AB's employee centre in Perstorp, Sweden.

Election of Chairman to preside at the Meeting.

2. Preparation and approval of a voting list. Election of two persons to approve the minutes.

 Examination of whether the Meeting has been properly convened. 5. Presentation of the Annual Report, the Auditors' Report on the Parent Company, the Consolidated Accounts and the Auditors' Report on the Group. 6. Consideration of resolutions in respect of the following:

(a) the adoption of the Parent Company Income Statement, the Parent Company Balance Sheet, the Consolidated Income Statement and the Consolidated Balance Sheet; (b) the appropriation of the Company's profit according to the adopted Balance Sheet, and

(c) the Directors' and the Managing Director's discharge from liability. 7. Determination of the number of Directors and deputy members of the Board and Auditors.

8. Determination of the fees for the Board of Directors and the Auditors. 9. Election of the Board of Directors and the Auditors.

10. Closing.

In order to take part in the Annual General Meeting, Shareholders must be registered in the Shareholders' Register maintained by the Swedish Securities Register Centre (Vardepapperscentralen VPC AB) not later than Wednesday, 17th January, 1990, Shareholders who have placed their shares in trust must temporarily re-register the shares in their own names to allow them to participate in the Meeting. Such re-registration must be made not later than Wednesday, 17th January, 1990.

A Shareholder may attend and vote at the Meeting in person or by proxy but in accordance with Swedish practice the Company does not send forms of proxy to its Shareholders, Shareholders wishing to vote by proxy should submit their own forms of proxy to the

Notification of intended participation in the Annual General Meeting must be given to Perstorp AB not later than Tuesday, 23rd January, 1990 at 3 p.m. (Swedish time): by telephone, by calling (010) 46 435-38286 (direct line); or

by mail, addressed to Perstorp AB, S-284 80 Perstorp, Sweden.

The Company will confirm receipt of notice of participation by sending an admission card to be shown at the Meeting. This confirmation will also include a detailed description of the most suitable route to Persgården.

The Board of Directors has decided to propose that the Record Date for dividends be Wednesday, 31 st January, 1990. Should this be approved, it is anticipated that the dividend will be distributed by the Swedish Securities Register Centre on Wednesday, 7th February, 1990.

Perstorp, January 1990 The Board of Perstorp AB

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to any person to subscribe for or purchase any of the Ordinary shares.

Application has been made to the Council of The Stock Exchange for permission to deal in the whole of the Ordinary shares in the Unlisted Securities Market. It is emphasized that no application has been made for such shares to be admitted to the Official List. Subject to the passing of the resolutions to be proposed at the Extraordinary General Meeting of the Company to be held on Sth January, 1990 it is expected that dealings in the Ordinary shares will commence on 9th January, 1990.

> Introduction to the Unlisted Securities Market

AUDIO FIDELITY PLC

sted in England under the Companies Act 1948, registered no. 514718)

YORK TRUST LIMITED

69,146,581 Ordinary shares of 10p each

Share capital following the Introduction Issued and to be in Ordinary shares of issued fully paid £6,914,658 10p each

Particulars cards relating to the Ordinary shares are available in the statistical services of Extel Financial Limited. Copies of the particulars cards may be obtained during normal business hours on any weekday. Saturdays and public holidays excepted, up to and including 5th January, 1990 from the Company Announcements Office of The Stock Exchange, 46-50 Finsbury Square, London ECCA 1DD (for collection only) and up to and including 17th January, 1990 from:

Audio Fidelity PLC Sandleas Way Leeds LS15 8AL

York Trust Limited 3 Finsbury Square London EC2A 1AD

3rd January, 1990.

Milk Marketing Board

£75,000,000 Floating Rate Notes 1993

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the three month period 29th December, 1989 to 29th March, 1990 has been fixed at 15% per cent. per annum. Coupon No. 16 will therefore be payable on 29th March, 1990 at £1.880.14 per coupon from Notes of £50,000 nominal and £188.01 per coupon from Notes of £50,000 nominal.

S.G. WARBURG & CO. LTD. Agent Bank

Stanley Leisure shrugs off adverse publicity and buys more casinos

Organisation is to stake up to £10.75m in cash on the development of its gaming business by acquiring Leading Leisure's provincial casino division. Mr Paul Olive, finance direc-

tor at Stanley, said yesterday: "There has been quite a bit of adverse publicity about the performance of casinos, but that's mostly in London Pro-vincial casinos are not adversely affected by lower consumer spending.

Mr Olive said the provincial gaming business was not dependent on the "high-roll-ers", who help decide the forens, who help decide the lor-tunes of London casinos. At a Stanley casino, the average nightly drop – the amount wagered by a client – is about £100. According to Mr Olive, high interest rates have hardly affected the size of the drop: "If anything, business has got betLeading Leisure - which also announced another disposal yesterday, and the forma-tion of a joint venture for most of its property interests — has been selling peripheral busi-nesses to reduce borrowings to below twice shareholders'

funds.
The Third Market company is to concentrate on its hotel, bingo and leisure park As part of the deal, Leading

Leisure has an option to sell the freehold of two of its casino properties to Stanley for £4m

ley, which also runs a chain of betting shops and snooker clubs, control of eight casinos, to add to the nine it already owns. It makes the group Britain's third largest casino operator, behind Mecca Leisure and Stakis. News of the acqui-sition helped push Stanley's

BOM Holdings

Share price (pence)

200

share price up 7p to 243p yes-

Most of the existing Stanley casinos are in the north of England: the Leading Leisure operations are in Bolton, Liverpool, Southport, Coventry, Bournemouth, Southampton, Margate and Portsmouth.

Stanley will pay Leading Lei-sure an initial £9.25m in cash - pushing up its own borrowings to about 45 per cent of shareholders' funds - and a further £1.5m, in two instal-ments on the first and second anniversaries of the acquisi-

In 1987-88, Leading Leisure's casinos made £1.34m pre-tax profit on turnover of £7.34m. Net assets were £1.9m and net liabilities, excluding deferred

Leading Leisure's other sale is of Nouveaux Products, a security door business. It is being bought by a management team headed by Mr Ray mond Jordan, who is stepping down as a director of the par-

ent company. The deal will cost the MBO team roughly £1.25m - the value of assets less current liabilities and intergroup indebtedness. Pay-ment will be in loan stock. Separately, Wykeham Group, a private property company, is to be Leading Leisure's partner in a new joint venture, Duchy Parklands, which will take on existing commercial joint ventures between the two companies, and their commercial development sites. The sites

the M27 and in the Isle of Leading Leisure said its commercial sites could be worth up to £29m. That would be paid partly in cash with the group keeping an interest in the joint venture through loan stock

Sights set on new horizons

Barry Riley on the relaunch of Merchant Navy Inv Management

NEW Argosy will set sail on January 10. Mr Geoffrey Musson's investment management team will shake itself free of the tramp shipping image of the past, when it operated as Merchant Navy Investment Man-agement, and will be relaunched as Argosy Asset

The rebranding exercise sets the seal on the paradoxical emergence of a vigorous and independently-minded financial services business from the apparently unpromising bureaucratic confines of a merchant shipping industry trade

In the year to September 30, MNIM raised its pre-tax profits from £1.1m to £1.66m and increased by 45 per cent (to £875,000) the dividend paid to Ensign Trust, the listed investment trust which is MNIM's Immediate parent company.

During 1989 new offices were

set up in Melbourne and Boston, as the start of an interna-tional development strategy. The company now looks after assets totalling well over £25n. According to Mr Musson, the managing director, this is the clearest example of a pension fund management operation setting itself up independently and diversifying its client base. Other in-house pension fund

management units have been incorporated and have acquired separate identities – the biggest is Postel, which serves both the Post Office and has broadened its base in the

ings facilities of Bowater

Industries Australia for A\$3.4m and Bell-IRH Indus-

tries has acquired the Warbur-ton division of Anitech, a dis-

tributor of electronic controls,

sensors and instruments.

same way. This year more than two-thirds of the company's revenue will be generated by clients other than the mer-chant navy funds.

It was a case of necessity, implies Mr Musson. Once research partner of James Capel, the stockbroker, he joined the Merchant Navy Officers Pension Fund as investigation of the pension fund as investigation. ment manager in 1977 (there is also a separate ratings fund) but soon realised he was serv-ing a declining industry. There were 32,000 active officers in 1978, but there are only 8,500

In the circumstances, the trustees of the fund came to realise they they could not keep together a skilled management team unless they were prepared to look beyond the boundaries of the merchant

To some extent the status of the merchant navy fund as an industry-wide scheme made this diversification easier. Many different shipping com-panies were already involved, and it was therefore easier for them to agree to accept new clients. In contrast, most pen-sion funds are set up as single company schemes with rather narrow corporate objectives.

The trustees of the merchant

navy funds therefore embarked on a lengthy process of change. Crucially, they bought 80 per cent control of Ensign Trust, which has had the pension fund management activity injected into it, and which remains a pivotal element in Ensign has the ability to fun-nel capital into other small companies, such as Aberdeen Trust, owner of another fund management business, in which Ensign has a 49.9 per

cent stake.
Mr Musson is insistent that the investment management business must pay its way. "One of the things we have taken seriously is the need to remain highly profitable," he

"That profitability guarantees people's jobs and the continuity of the whole process." His objective, he states, is to run the fund management company "with the highest return on capital".

e captains a tight ship, with only 40-odd people in the Finsbury Circus offices and a separate adminis tration office in Leatherhead, Surrey. But the costs of the new overseas offices will hite harder this year.

The aim is to preserve profitability by focusing on niche areas. MNIM has not, for instance, so far entered the highly competitive struggle for big pension fund management contracts, where the leading merchant banks and insurance companies dominate. Nor has it moved into the unit trust marketing business, although the associate Abtrust has done

We regard ourselves as being at the wholesale end of the market," says Mr Musson. The company has focused, for example, on investment trusts.

Last September it took control of the Alva Investment Trust, changed its name to Worth, and linked up with Edmond de Rothschild Banque to devise a strategy of investing only in companies selling luxury

be

ow the new Argosy name will underline the broadening of the client base. It is also intended to make foreign institutions more accessible: according to Mr Geoffrey Musson, potential clients in the US midwest are unlikely to understand even what a merchant navy is, let alone how it might be relevant to their investment require-

The ultimate ownership remains with the merchant navy pension funds, however, through an 80 per cent holding in Ensign (which is due to be reduced 75 per cent in due

Although Argosy has acquired PLC status, this is claimed to be merely in order to improve its image. The staff do not have options, and are remunerated according to a bomps structure. "At this stage it is not in anybody's mind that the company will float," insists Mr Musson firmly. All the same, on January 10

Argosy Asset Management, the pension fund investment management company which "externalised" itself, will be weighing anchor and starting on a new leg of an unusual, and perhaps unique, corporate

Kingfisher acceptances total only Delta expands in Australia 0.13% of Dixons at first closing date

the structure.

equipment, engineering and industrial services company, has announced further acquist Kingfisher, the retail group, revealed yesterday that it had received acceptances represent-ing only 0.13 per cent of Dixtions by two of its Australian subsidiaries in specialist elec-trical distribution and protective coatings, for a total A\$7.5m (£3.6m). ons' shares at the first close of its fiercely contested £568m offer for the UK electrical Industrial Galvanisers has purchased the two Perth coat-

By John Thornhill

retailing group.
Kingfisher said the level of acceptances was not unex-pected at this stage of the offer although Dixons described the

response as pitiful. The announcement came after the close of the stock

market, but Kingfisher's shares had already firmed 2p on the day to 305p and Dixons' shares had risen 1p to 137p.

Kingfisher, which currently owns no Dixon shares, received acceptances for 504,536 ordinary shares and 5.1m preference shares (2.74 per cent of

Kingfisher's cash offer values

each Dixon share at about

the total).
The offer has now been

£1.33m purchase by Metsec

Metsec has bought Hep Cold Rolled Sections for about £1.33m to be satisfied by the issue of more than 290,000 shares at 171.6p and the balance of £834,000 in cash.

For the year to the end of April 1989 Hepsec reported pre-tax profits of £240,000 on turnover of £4.09m. Net assets at the end of the year stood at £499,000 following the payment of a pre-acquisition dividend of Hepsec produces cold rolled

sections for use by the suspended ceiling, roofing and

BOM delivers blow to recovery hopes

LONG TERM shareholders in BOM Holdings should have become hardened to bad news. However, the latest statement from the board will come as a severe blow to any lingering hope of a substantial recovery in their investment.

The letter to shareholders. sent last Friday, opens another chapter in the company's eight-year history of woe which has seen the share price slump to the 2.5p suspension price while a succession of disasters and disappointments has unfolded. The shares have dropped to one-tenth of their value since the October crash and to 100th of the peak value The ruling by the Stock Exchange that the company was "not suitable to be

relisted" virtually ends any chance that the company's 20,000 shareholders, who collectively own 400m shares, will be able to find a market for their investment. The letter makes it clear that the company is in a dire finan-

cial position and is further

dogged by legal action against

and certain banks have demanded repayment of their loans," the letter states. The group's immediate

Arthur Andersen, the international accountancy firm. outlook has forced the board to The company is now criti-cally short of working capital appoint a receiver for the sub-

financial problems surround the purchase in September 1987 of Albancode Group, the leather furniture and kitchens fittings group, for £16.5m. Its drain on resources and dismal

BOM claims that as a result of overstatement of stocks and debtors at the time of the acquisition, write-offs and costs of £2.3m were incurred and a further £1.1m has been expended on re-organisation. The company suffered operating losses of £4.9m in the 18

months to July 31 last year The agreed payment of £3m by Mr DN Rayner and other vendors of Albancode as settlement of a warranty claim will help ease the squeeze. How-ever, BOM's success in extricating itself from its investment in Albancode will depend heavily on the court action it is taking against Arthur Ander-sen which said last night said

it would vigorously contest. of land surrounding a disused oil refinery on the Medway in Kent, has been sold for £12m and 20 per cent of the equity in the purchaser, after the board considered seeking the appointment of a receiver for

the entire group.

The land has been sold to Surelaunch. Mr Alec Banyard, BOM's company secretary, said that the deal with Surelaunch had been done "at totally arms

Directors said that the forced disposal of the land would have resulted in a "significantly" lower value being realised for the land.

LEGAL NOTICES

Company No: 2143469 Registered in England and Wales PETER EDEN LIMITED

NOTICE IS HEREBY GIVEN, parsuant to Sec-tion 48(2) of the insolvency Act 1986 that a meeting of the unsecured creditors of the above-named company will be held at-

R M ADDY Date 21/12/89 J M IREDALE



£200,000,000 Floating Rate Notes 1996
Notice is hereby given that the Rate of Interest has been fixed at 151% p.a. and that the interest has been fixed at 151% p.a. and that the interest has been fixed at 151% p.a. and that the interest has been personal for the proportion of the properties of the proportion of the proportion of the proportion of 151/8 p.a. and that the interest payable on the relevant Interest Payment Date 27 March, 1990 against coupon No. 16 will be £188.01 per £5,000 Note and £3,760.27 per £100,000 Note.

Lloyds Bank Plc

international Bank for Reconstruction and Development Lit 200,000,000,000 Floating Rate Notes Due 1997 In accordance with the provisions of the notes, notice is hereby given that for the interest period January 2, 1990 to July 2, 1990 the notes will carry an interest rate of 12½% per annum.

Interest payable on the rele-vant interest payment date 2nd July 1950 will amount to Lit 317.000 per Lit. 5.000.000 note and to Lit. 3.172.000 per Lit 50.000.000 note.

Agent Bank: Banque Paribas Luxembourg

VLAKFONTEIN GOLD MINING COMPANY LIMITED

("VLAKFONTEIN")

(Registration No. 05/06155/06)

PROPOSED SALE OF DROOGEBULT MINING TITLE TO NIGEL GOLD MINING HOLDINGS LIMITED ("Nigel").

Over the past 13 months the decline in the real gold price and decreasing yield from surface dumps of gold-bearing material have resulted in Vlakfontein passing its last three dividends. The tonnage of payable dump material remaining has declined to a level at which substantial and progressive declines in the tonnage treated per month are inevitable. In these circumstances, unit treatment costs at Vlakfontein's plant are expected to increase to a level which would lead to the otherwise payable underground operation at Droogebuit becoming unprofitable.

Accordingly, with effect from 1 January 1990, it has been decided to sell the Droogebult mining title and underground equipment and the store at Droogebult to Nigel for a consideration of R16 million to be satisfied by the transfer to Vlakfontein of 32 million Nigel shares presently held by South East Rand Gold Holdings Limited ("Southgo"). The Droogebult mining title consists of precious metal claims on the farms Spaarwater and Droogebult.

The agreement is subject to Ministerial permission for the transfer of the claims forming the Droogebult mining title to Nigel as well as the shareholders of Vlakfontein, Southgo and Nigel approving the sale in general meetings. A circular setting out details of the Vlakfontein meeting and other pertinent information will be sent to shareholders in due course.

Vlakfontein will now proceed to treat the remaining payable surface material and will then proceed with the clean-up process of gold locked up in and around the plant. These operations will be concluded as quickly and efficiently as possible and are expected to be completed within twelve to eighteen months. All relevant statutory safety and environmental requirements will be complied with in the closure procedure.

Vlakfontein will also seek to dispose of its other assets which include surface freehold, fixed property and plant. No consideration has yet been given to the disposal of the remaining Vlakfontein mining title nor the Nigel shares. Shareholders will be informed in this regard when the need arises.

Shareholders' attention is also drawn to the announcement from Nigel and Southgo published today.

Registered and Transfer Offices:

PO Box 1167 75 Fox Street Johannesburg Johannesburg HIS 2001 2000

Fergusson Bros., Hall, Stewart & Co., Inc., (Registration No. 72/08905/21) (Member of the Johannesburg Stock Exchange)

Sponsoring Broker:

Johannesburg 3 January 1990

A member of the Gold Fields Group

extended to January 23.



ASTURIANA DE ZINC. S.A.



Banesto's industrial group

Inform they have reached the following deal on April, 29th 1989:

Resources Inc.

- CR has bought 20% of AZ shares from Banesto's industrial group at a price of U.S. \$ 113 M.
- AZ has bought 5% of CR shares at a price of U.S. \$29 M.

This deal enables an international vertical integration through the following agreements:

- CR will provide mineral to AZ factories from January 1990 up to 300,000 Tons annually by 1995, and after.
- AZ will expand its productive capacity up to 320,000 Tons (+50%) by 1991, and will increase it again according to market conditions.

THIS ANNOUNCEMENT SERVES NO OTHER PURPOSE THAN INFORMATION.

David White explains why a new control system being developed for Royal Navy frigates represents a radical change of course

A beauty waiting for a new brain

agree that HMS Nor-folk, the latest ship to be accepted by the Royal Navy, is a beauty. clean lines sweeping back from an elegant clipper bow. The prob-lem is that it will be some years before this vessel, or subquent frigates of its class, will be fit to operate in a war

A change of course in the concept of the command system - the "brain" which pro-cesses and displays data from the ship's sensors and manages. the deployment of weapons and the ship itself - means that the next four Type 23 anti-submarine frigates will probably, like the Norfolk, put to sea without one.

The cancellation of the original command and control sys-tem and the choice of a successor has been a notoriously protracted saga. But Dowty-Sema, the consortium that has taken over the project, is confident that the Navy will have "the most advanced command system of its type in the world." This will be at an

veryone seems to undisclosed date, not expected agree that HMS Nor to be before 1998.

The consortium, made up of the Dowty group- and the Anglo-French systems company Sema, using displays from Racal, won the £150m fixed-price contract in August It was a turnaround in several

It spelt the end of a virtual monopoly by Furranti Interna-tional, the company that pio-neered automated command, giving the UK world leadership in the 1960s. By the same token, it showed the growing credit being given to the claims of software houses as prime contractors for defence

At the same time, the revised project marks a radical shift away from the centralised or near-centralised computer systems now in service. Instead, Dowty-Sema's project is based on a network of 280 processors, designed to avoid computer bottlenecks. Since these processors are well tried in the civilian market, it also demonstrates the decline of the specialised military computer.

The Type 23, with a crew complement reduced from 250 to about 170, carries an array of ship-borne and helicopter borne weapons, and both active and passive sensors for detecting threats in the air, and on and beneath the surface. Co-ordinating all this requires a high-speed nervous system. The time available to react to, identify and deflect or destroy an air-launched mis-

Without the command system, Type 23 frigates will be limited to normal peace-time patrolling tasks, listening for submarines and perhaps missions such as drug seizure. The Navy would not use them for escort operations in the Gulf or a conflict like the Falklands.

sile, for instance, might be 20

The problems of managing a modern warship in a hostile environment, where the picture is confused by neutral and friendly tracks, was dramatically shown up in the Gull when the track was about the confused by the confused that t year when the USS Vincennes, equipped with the latest Aegis system, mistakenly shot down an Iranian civilian airliner.

"It is still not clear that we military electronics expert.

sonar and radar data available was too much for sailors to handle. The first systems linked all the sensors into a central computer. Ones like the Aegis are based on small numbers of minicomputers. Ferranti built its systems around rugged, purpose-made military computers. But as sen-

expansion capacity. The original Ferranti contract for the Type 23, known as CACS-4, was cancelled in 1987.

have all the answers," says one

The proposed command system requires a complex interaction between four main components; the display consoles (12 multi-function units in the Type 23), the processing electronics, the software (making up the bulk of development costs) and the human element. It became apparent 30 years ago that the amount of raw

sors advanced, so did the demands on systems which could not easily be expanded. The Navy now requires built-in

alternatives. Based on minicomputers, it had to take in the new weapon

Data links Electronic support Type 23 frigate triend or toe surveillance UHF radio communications Launcher system Sting Ray torpedoes Navigation radar communications Sea Gnat decoys Tracker Tracker Harpoon anti-ship EH101 Helecopter Vertical-launch See Wolf 4.5 inch Mk8 cun towed-erray Active bow sonar Command system

requirements dictated by Britain's experience in the Falklands. The Ministry of Defence had made a down-pay-ment of £30m, but became increasingly aware that the system would not have the processing power to satisfy the needs of the 1990s, especially with the introduction of a big new sensor - the towed-array sonar. Before cancellation, it had already begun to look for

It went for a fresh approach using the Ada high-level pro-gramming language. Two parallel project definitions involv-ing distributed system architectures were ordered from Dowty-Sema and a Ferranti-led consortium. That took over a year and a further halfyear was spent clarifying the offers. Dowty-Sema was asked more than 2,000 questions.

Ferranti proposed a system based on 70 microprocessors with more than 100 times the processing power of CACS-4. But Dowty-Sema, in the words of its managing director, Guy Warner, had already "taken that jump." Three years previ-ously it had clinched an £85m contract for a submarine system, using 150 distributed 32-bit processors.

Warner says the new architecture offers big increases in performance and reliability, providing a choice of parallel paths and reducing the risk of failures and breakdown. The processors, taken from the civilian market where technology has outstripped the military, are inherently more reliable because of their world-wide exposure, he says.

The system is designed so

that if one console goes down, the functions are available on another, and there will be multiple copies of the software. Flexibility will be built in, with the facility to add or subtract

"Everybody is now moving towards a distributed Ada system," Warner says. But nobody has one working. "We believe we will be the first." The business brings in £25m

a year for Dowty-Sema, but Warner expects this to quadru-ple in five years. He reckons the world market is around

£1bn a year. Since 1985, the company has been ploughing private venture money into this technology. It will not say how much, but recognises, "If we had not won this, it would have been very

France makes a point of catching up in the mobile phone race

we subjects of conversation can be almost guaranteed to crop up at smart dinner parties in Paris these days: violence on the metro and the poor quality of France's mobile telephone network. Not that the two are linked, though radio telephones can pro-voke some pretty violent reactions from callers who find themselves cut off as they drive between the small cells dotted around Paris. That problem is being resolved as the public operator, France Tele-com, which services more than 90-per cent of France's 150,900 porta-ble telephone users, is recalling 20,000 devices for minor changes to allow "handovers" from one cell to the next. The close on 9,000 subscribers to the rival private net-work, run by Société Francaise du léphone (SFR), do not have

France Télécom does not usually make such mistakes. Mobile tele-

phony is one of the few areas where this otherwise technologically advanced provider of efficient and cheap telecommunications has failed to be in the forefront in Europe. Mobile phones are used by only 0.27 per cent of the French population, as against 1.25 per cent in Britain or 3.68 per cent in mobile-mad Sweden.

"I want 20 times more mobile phones in France," says Jean-Jacques Damlamian, who recently moved from running France Télé-com's mobile phone division to become the organisation's indus-trial director. "We are lagging per-haps 30 months behind the UK and 60 months compared with Scandinavia. But we are increasing the number of subscriptions at the same rate as those countries." At present, French subscribers

have access to two radio telephone services. Radiocom 2000 is provided by France Télécom and operates on

network equipment from the French company Matra. The other is from SFR, managed by a subsidiary of Générale des Eaux, the water and services group, It uses equipment from Alcatel of France and Nokia of Finland.

Like their British equivalents, French radio telephones are pri-marily business tools. The average price of a French car phone has fallen from about FFr 19,000 (£2,000) to around FFr 11,000 over the past year. But that is still much higher than in the UK, where they

are sometimes given away.

The next development being pre-pared by Damlamian and his colleagues is a mass-market public mobile phone service to be called Pointel, which is in some ways similar to Britain's telepoint. France Télécom has a minority stake in Phonepoint, one of the UK's four telepoint networks.

While telepoint only allows cus-

tomers to make calls within 200 yards of a radio terminal, Pointel will allow people to receive calls as well by logging into local base sta-tions. These will automatically find and re-route calls made to the cus-

tomer's main phone. France Télécom is expected to choose two suppliers from a short-list of five, including joint ventures between Ferranti, of the UK, and Alcatel, and between GPT, of the UK, and Dassault of France among others, to set up a 700-terminal pilot network or series of networks in early 1991. "We have a target of at least 1m

users by 1995," says Marc Brussol, project director for Pointel. Unoffi-cial estimates suggest the contracts for the full network could be worth between £70m and £100m.

"We believe that the French Pointel market will be a huge one. We see it as being potentially another Minitel (the public videotext service) in terms of France Télécom's efforts to acquaint the public at large with mobile phones," says Rupert Soames, chairman of GPTelecom, GPT's

French operation. France Télécom is thinking of Pointel as an extension to or even a replacement for the public phone box, though its room for manoeuvre is restricted by the military's unwillingness to release a wide range of frequencies for civil use. "Frankly, I am carrying the burden of providing a new service without knowing whether I can get the spectrum I need. It's not very pleas-

ant and it needs a lot of diplo-macy," says Damlamian. Beyond that, the challenge is to reduce Pointel charges to the level where the total annual cost for using the system is the equivalent of £100 to £200, making it affordable to a wide population.

Damlamian does not plan to fol-

explored.

low British Telecom's strategy of identifying terminals with posters. Instead, the aim will be to saturate certain public spaces with termi-nals, so that users can be sure of being able to make calls near, say, railway stations, traffic lights or

large hotels. France Telécom is not yet convinced about the next generation of mobile phones, called personal communications networks, which would use digital communications and carry a wider range of features than the present radio telephones, such as the ability to transmit com-

Damlamian is scornful of the British Government's decision to rush ahead with PCNs. He feels the technology has not been fully developed and that the possible applications have yet to be properly

Moreover, France Télécom, like other continental telecommunica-

tions authorities, is not yet sure that it wants to follow the Group Special Mobiles European standards which the British are likely to choose as a base for PCNs. "I don't think a GSM service is really feasible before 1994. The British are taking the risk of taking on a new system without being able to extend it beyond Britain."

Instead of bringing on stream a number of overlapping mobile services, as is happening in the UK, France aims to develop radio tele-phony, establish Pointel and then see how it can be extended.

It used this strategy successfully for the 5m-user Minitel which is now moving into a new and exciting phase of development on the strength of its huge customer base. Only time will tell whether the policy will also work for mobile

William Dawkins



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the air.

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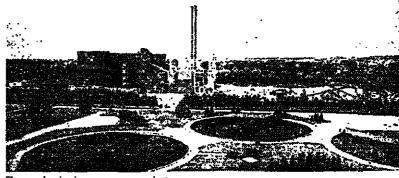
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COMMODITIES AND AGRICULTURE

Bougainville copper mine to be moth-balled

By Kenneth Gooding, Mining Correspondent

cent of the non-Communist world's mine production of copper, is to be moth-balled from next Sunday.

The mine has been out of action since May 15 because of violent attacks by secessionist rebels and the signs are that the two major shareholders expect Bougainville to remain closed for several months.

Some 2.000 employees will be laid off, leaving only 300 at the

Analysts suggest that moving to a "care and mainte-cance" basis means that the

THE BOUGAINVILLE mine in Papua New Guinea, which normally accounts for about 3 per cent of the non-Communist However, the Bougainville company says it would take only three months. Redundancy payments will cost more than A\$30m (£15m),

according to analysts' esti-Bougainville's two major shareholders, CRA, with 53.6 per cent, and the PNG Government, with 20 per cent, gave a clear hint they expect the com-plex political problems that sparked off the violence which

closed the mine, to last for They said they will make

available a Kina 45m (about £33m) financing facility by way of shareholder loans for up to

CRA, in which the RTZ Cor-poration has a 49 per cent stake, will provide about K33.2m and the PNG Government about K11.8m. No call will be made on the

public shareholders in connection with this financing facil-Bougainville has been held in a state of readiness since May but Mr Don Carruthers. the chairman, said: "Recent

events have not improved the security outlook in Bougain-

ville and the board believes it

will be some time before conditions are likely to permit a resumption of production. Accordingly, the board has decided that, in order to conserve the company's finances, it must substantially reduce the size of its establishment in Bougainville."

In a normal year Bougain-ville produces about 180,000 tonnes of copper and some 500,000 troy ounces of gold. In 1989, however, its production was cut to only about 79,000 tonnes of copper and 236,000 ounces of gold.

Bougainville usually provides about 10 per cent of CRA's net profit but its losses since May are estimated to have been nearly A\$2m a day. The company has started court action against four of its insurance companies seeking A\$500m in compensation because of the shut-down. The insurers deny liability and the case is set to be heard in the Victoria Supreme Court next

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes +900 to 108,000 +1,200 to 23,275 1,398 to 6,498 +3,775 to 80,575 +210 to 9,020

Tin dispute 'not settled until cheques are cleared' Bitter ITC creditors are not counting their chickens, reports Kenneth Gooding

BOUT £182.5m will be injected into the Inter-agreed just before Christmas injected into the mational Tin Council's bank account on March 30 by the 22 countries which make up its membership. Within a few seconds all the cash will flow out again to the ITC's 36 creditors. This should bring to an end the bitter, four-year dis-pute which followed the 1985 collapse of the ITC's tin price

support scheme.
"But until the cheques are cleared it is not over," says Mr Raiph Kestenbaum, managing director of Gerald Metals and one of the co-ordinators of the creditor group. However, once the money is in the bank the creditors will drop all claims against the ITC countries. Mr Kestenbaum suggests

should not come to a smooth fruition. "But, given the track record of some of the countries involved up to now, you can understand why the creditors still have some reservations, he added

Another creditor, who says he is nervous about being identified until the money due to his company from the ITC has been banked, comments: "The arrangement is just about acceptable. But none of the creditors think it is entirely satisfactor

'We will have been waiting four and a half years for our money and we are getting what probably represents only one third of our losses."

owed £513m, including interest lost between March 1986 and March 1989. "There is a quaint notion among some of the countries' representatives that interest does not count," says the creditor. "But in the UK it added up to an additional 39 per cent (of the original debts) when compounded up." Creditors admit their willing-

ness to accept what they see as

a relatively low payment was due mainly to the attitude of the UK courts which indicated that, while the creditors had suffered a grave injustice, the ITC countries could not in law be obliged to pay up.

Mr Kestenbaum says: "The

amount was the highest we thought was obtainable and the lowest many of our mem-Creditors claimed they were bers would accept. But other-

wise we might have spent 100 years in court." Creditors are still very bitter because some governments seemed willing to provide unlimited cash for the court battles rather than meet their moral obligations. Nobody is

yet willing to estimate what the legal bills will be. The creditors - including 13 banks, 14 London Metal Exchange brokers and two Malaysian smelters - suggest a deal would not have been possible without the efforts of the Canadian Government and its representative Mr Brad Smith, a lawyer and former government official, who against the odds gradually edged recalcitrant countries

Creditors suggest that, in

towards a compromise.

contrast, the UK and West Germany were particularly unhelpful during the negotia-

Most of the banks and traders wrote off their ITC debts in 1985 so the March payments will represent an important return for them. However, profitable companies will have to pay tax on the money received and the exchequers of the UK and Malaysia will do particularly well from this.

It is understood that Japan and the UK, the two biggest contributors to the settlement sum, will pay more than their fair share. Japan will contrib-ute about £40m and the UK £30m. Malaysia will provide about £23m, West Germany about £17m and Thailand

Chile set to join top ten gold producers

Barbara Durr outlines development plans that could double precious metals output

IDING THE crest of Chile's pre- from the success of the El Indio gold cious metals boom, the country's second largest gold and silver mine, La Coipa, is due on stream in the next six months.

The mine, which belongs Compania Minera Mantos de Oro (MDO), a 50:50 joint venture between Placer Dome of Vancouver and the Toronto-based TVX Mining Corporation, is to produce 7 tonnes of gold and 500 tonnes of silver annually by 1992.

With La Coipa and several other projects now under development, Chile's gold production could rise from 20.6 tonnes in 1988 to 37.5 tonnes in 1992, and silver production could more than double, from 506.5 tonnes in 1988 to 1,111 tonnes in 1992, according to estimates by the National Society for Min-ing (SONAMI) and the US Embassy.

may become the world's ninth largest gold producer, overtaking Colombia and the Philippines, and the sixth largest silver producer. The country is already the world's largest producer of copper. Industry experts say that the spurt of precious metals exploration and development stemmed in the early 1980s

If all projects come on stream, Chile

mine. El Indio produced 7.8 tonnes of gold in 1988, 38 per cent of national output. The mine, developed by St Joe Minerals, was bought in 1987 by Bond International Gold and this year Lac Minerals, another Canadian group, bought control of BIG from Mr Alan Bond's private holding company.

The La Coipa deposits have been known for some time and could have been developed earlier but for conflicting mining concession claims. Consolidated Gold Fields of the UK was wrangling with Chilean entrepreneur Mr Francisco Javier Errazuriz. Mr Errazuriz, whose far-flung commercial empire includes banking, mining, agri-cultural exports and a major retail chain, was a presidential candidate in

Both parties were bought out in 1987 by Mr Eike Batista, the Brazilian major shareholder and chairman of TVX, for a total of \$45m. Mr Batista had borrowed money from two Placer Dome financing subsidiaries, but he was running out of money to develop the mine at the end of 1988 and hit on a new deal with Placer Dome. TVX sold half its interest

to Placer and together the two companies created Mantos de Oro. With La Coipa's start-up, TVX is set to become the largest precious metals producer in South America. Along with La Coipa, it has three gold mines in Brazil and its share of output in these

mines totalled 65,000 ounces last year. Currently, MDO is negotiating a \$250m international loan for development of La Coipa. The financing for Chile's richest new silver and gold deposit is expected to come through two hanks, one US and one European. They would divide the loan equally and syndicate \$125m each.

But if the banks shun the deal, Placer Dome itself is expected to finance this sure-fire project, according to Mr William Hayes, MDO's financial chief.

Placer Done is clearly committed to taking the project forward and, cur-

rently flush with cash, is in a position to do so. In 1988, Placer Dome's net earnings reached \$262.4m. With La Coipa it will race neck and neck with Newmont Mining of the US for top place among North America's gold pro-

La Coipa, located 800 km north of

Santiago near the provincial capital city of Copiapo, consists of three deposits: Ladera, Farrellon and La Coipa Norte. The Ladera and Farrellon deposits have proven and probable reserves of 49.3m tonnes with an average grade of 1.54 grams per tonne gold and 77.14 grams per tonne silver. The La Colpa Norte deposit shows 15.2m tonnes of gold and silver material, with an average yield of 0.27 grams per tonne gold and 122.72

grams per tonne silver. A 1,000 tonnes a-day processing plant is already operating at the site, having been begun by Mr Batista. But a larger 15,000 tonnes-a-day plant is under construction and should be in full swing by

Mr Batista originally began with the idea of tunnel mining, but Placer Dome changed the strategy to open pit. Production from the large plant will be more than 517,000 ounces gold equivalent in the first two years of production and in excess of 300,000 ounces over the next 10 years. Over the 14-year life of the mine, operating costs are expected to run at \$146 per ounce of gold equiva-lent and it is to produce 2.2m ounces of gold and 141.9m ounces of silver.

WORLD COMMODITIES PRICES

52 32

Frost deals blow to Mexican coffee crop

By Candace Siegle in Mexico City

COLD WEATHER has dealt a bitter blow to Mexico's coffee industry, as a pre-Christmas frost damaged crops in five of the seven coffee-growing states. The Mexican Coffee Institute estimates that the cold snap will cost the indus-

cold snap will cost the industry \$18m.

Agriculture experts are calling 1989 a disaster for Mexican agriculture in general. Spring droughts had already damaged coffee, wheat, corn, sugar came, vanilla, and chili crops, which have been further harmed by the freeze. As in other parts of North America, citrus growers are reporting citrus growers are reporting major crop losses due to the extreme cold, and some experts say the damage to cit-rus in the northern state of Tamanlipas alone could reach \$38m. The Agriculture and Hydraulic Resources Secretariat is not yet able to estimate the total damage done to other crops, but the institute sees coffee production down 500,000 bags (60 kg each) for the October to March harvest period. Coffee is the country's biggest agricultural earner. "This is not a disaster," says

Mr Arturo Ortiz of the coffee institute. "The situation is critical, but let's just call this

Mr Ortiz notes that the majority of the coffee affected is export quality, but, looking at the sunny side, he adds that surviving beans can be sold within Mexico. Only 11 per cent of the 650,000 hectares under cultivation has been damaged, he explains, and crops in the two important growing states of Oaxaca and Chiapas appear to have escaped the chill.

According to the institute, 25 per cent of the crop in the states of Vera Cruz, Puebla, Hidalgo and San Luis Potosi were badly damaged and more than \$1bn in credit has been earmarked to support growers. However, coffee expert Mr

José Luis Cruz feels the situation could be more drastic. He points out that neither the institute nor the coffee exporters association has been in contact with growers.

Canadian fishermen face severe cuts

Bernerd Simon in Toronto

CANADA'S EMBATTLED East Coast fishery has suffered another setback with a sharp cut in cod quotas for 1990.

The Federal Government said yesterday that the northern cod catch off Newfoundland would be limited to land would be limited to 197,000 tonnes this year, down from 235,000 tonnes in 1989. With the inshore quota left intact at 115,090 tonnes, the brunt of the cut will fall on

offshore operators.

The new quota is slightly higher than the 190,000-tonne limit suggested earlier by a government task force, and well above the 125,000-tonne ceiling which scientists say is necessary to restore depleted fish stocks in the rich fishing areas off the coasts of Newfoundland and Nova Scotia.

The cod quota for the north-ern Gulf of St Lawrence has been trimmed from 73,900 tornes to 55,360 tonnes. In setting the quotas, Can-ada has had to balance the need to restore stocks with the impact of cuts on the fragile economy of the Atlantic prov-inces. Mr Tom Siddon, Fish-eries Minister, said yesterday the new quotas were aimed "at managing the human and eco-nomic impact of declines in our fish stocks and creating a fishery which is sustainable and viable in the long-term."

The fishing industry employs about 55,000 people in Newfoundland and Nova Scotia. Fishing accounts for more than half of total employment in Newfoundland's goods-prod-ucing sector and 15 per cent of

its industrial output.

The depletion of the east coast fishery over the past four years is blamed on a variety of factors, notably over-fishing by Portuguese and Spanish trawlers, inadequate conservation measures, and weak enforcement of modas and internaits industrial output ment of quotas and interna-tional boundaries. Canada isunched a strong protest with the European Community last month for setting a 1990 cod quota more than three times the limit proposed by the Northwest Atlantic Fisheries Organisation. Mr Siddon said the Government planned to raise penalties for over-fishing and to expand the powers of fisheries officers. "We are going to make Canada the most expansive invisitetion in

going to make Canada the most expensive jurisdiction in the world for those caught over-fishing," he said.

The problems facing the fishery have already hurt the regional economy. Halifax-based National Sea Products, North America's biggest 37m. ing company, made a C\$13.7m (£7.8m) loss in the first nine months of 1988 and recently announced the closure of two plants and 1.500 lay-offs. New-foundland's largest fish com-pany, Fishery Products Inter-national, is also in the red. About 25 seasonal inshore processing plants are also expected to be hit hard.

Mr Siddon said the Govern-ment planned to encourage exploitation of under-utilised stocks, such as silver hake, grenadier and turbot. A pool of 100,000 tonnes has been set aside for these types of fish.

Yemen oil rights awarded

By Victor Mallet

A CONSORTIUM of companies from the US, France, the Soviet Union and Kuwait has overcome stiff competition to win oil exploration rights for the 2,200 square km joint border area between North and South Yemen, according to the Mid-dle East Economic Survey.

MEES said the consortium was composed of Hunt Oil and Exxon with 37.5 per cent, KUFPEC of Kuwait with 25 per cent, CFP-Total with 18.75 per cent, and Soviet companies with the remaining 18.75 per cent. CFP-Total is expected to be the operator for the exploration phase.

The heads of agreement on the deal were signed in Aden by the consortium and the Yemen Company for Investment in Oil and Mineral Resources after lengthy negotiations. A final agreement is expected by the end of this

Details of the deal have not been revealed, but MEES said between five and seven explo-ration wells were envisaged.

WEEKLY METALS PRICES

Prices from Metal Bulletin (last (5.00-5.25). week's in brackets). ANTIMONY: European free market, 99.5 per cent, \$ per lb, lb, 5.50-6.10 (same).

market 99.6 per cent. \$ per lb warehouse. 7.50-7.70 (7.45tonne, in warehouse, 1,680-1,725

BISMUTH: European free

market, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 4.00-4.40 (same). CADMIUM: European free

per lb, in warehouse, 5.00-5.20

(same).

US MARKETS

THE METAL MARKETS all began the

reports Drexel Burnham Lambert Platinum posted the biggest decline or

early weakness. In the softs, trade activity near the close forced sugar prices down. Volume for the day was

new year with lower prices due mosti

follow through selling from last week. Fund buying lifted the copper after

market, min. 99.5 per cent, \$

MERCURY: European free market, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 240-250 (same).

MOLYBDENUM: Europeanfree market, drummed molyb-dic oxide, \$ per lb Mo, in warehouse, 240-250 (2.47-2.55).

SELENIUM: European free COBALT: European free market, min 99.5 per cent, \$ per free market, standard min. 65 per cent, \$ per tonne unit (10 kg) WO, cif, 42-61 (44-61).
VANADIUM: European free

market, min. 98 per cent. \$ a lb VO, cif. 2.10-2.30 (2.20-2.40). URANIUM: exchange value, \$ per lb, UO, 9.20 (same).

LONDON MARKETS

THE WEAKNESS of platinum, which fell more than \$20 an ounce yesterday, unnerved the precious metals sector and took gold below \$400 during the day. By the close, however, gold had recovered its earlier losses - dealers constructive but several more days of it moved significantly higher. There decline, although the current low level bearish mood. On the LME nickel prices continued to retreat, cash metal shedding \$387.50 to close at \$7.887.50 a tonne - the lowest level for two years. Continued de-stocking has lowed a protracted period of negligible fresh steel industry offtake. The premium for cash metal, which technical tightness forced up recently.

narrowed to \$250 a lon	пе.	
SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Oubai Brent Blend	\$17.75-7.85w \$20.58-0.62w	+ .375
W.T.I. (1 pm est)	\$22.42-2.45w	+0.63
Oll products (NWE prompt delivery per to	onne CIF)	+ or -
Premium Gasoline	\$212-214	+9
Gas Oil	\$231-232	+4
Heavy Fuel Oil Naphtha Petroleum Argus Estimates	\$107-109 \$186-187	+5
Other		+ or -
Gold (per tray oz)-	\$401.1	
Silver (per tray oz)@	523c	+1
Platinum (per troy oz)	\$476.50	-21.4
Palladium (per troy oz)	\$133.10	-1.15
Aluminium (free market)	\$1625	
Copper (US Producer)	1095a-111c	
Lead (US Producer) Nickel (Irea markel)	39.5c	
Tin (Kuala Lumpur market)	365c	-15 -0 <i>2</i> 2
Tin (New York)	311.5c	-0.22 -8.5
Zinc (US Prime Western)	73 kg	-0.0
Cattle (live weight)†	111.11p	-8.99*
Sheep (dead weight)†	208.825	-4.24
Piga (live weight)†	81.30p	-9 43 °
London daliy sugar (raw) London daliy sugar (whita)	\$320.21 \$380t	-0.8
Tate and Lyle export price		-3.5
Bartey (English feed)		-0.5
Maize (US No. 3 yellow)	£118.5 £131.25	-0.75
Wheat (US Dark Northern)	£132	-00
Rubber (spot) \$\pi\$	54.75p	-0.25
Rubber (Feb)♥	57.25p	-0.25
Rubber (Marı 🛡	58.25p	-0.25
Flubber (KL RSS No 1 Jan)	224.5m	-1,0
Coconut oil (Philippines)§	\$455t	+ 10
Palm Oii (Malaysian)§	S270	+25
Copra (Philippines)§	\$280 0474	
Soyabeans (US)	€171	-2

c-cents/fb, r-ringgit/kg, y-Oct, x-Dec/Jan, (-Jan/ Feb. v-Jan/Mar. w-Fab. 2-Jan tMeet Commission average fatstock prices, * change from a week

	A — Lond	ion POX	£/tom	'n
	Close	Previous		
Mar	631	628	633 627	_
May	644	639	643 638	
Jul Sep	658 675	654 670	658 656 675 670	
Dec	697	693	698 694	
Mar May	716 731	714	717 713 734 725	
		04000 Jana a		_
ICCO I	er: 2259 (i ndicator (2123) KRES C Orices (SDF	if 10 tonnes Is per tonne). Dai	Ŋ
price f	or Jan 2	737.36 (732	is per tonne). Dai 106):10 day averaç	jė
	3 734.21			_
COFFE	E - Lon		£/tonn	18
	Close	Previous	High/Low	_
Jan Mar	630 647	633 643	630 621 648 636	
May	662	655	882 850	
Jul Sep	676 693	666 687	676 666 695 684	
Nov	710	705		
Jan	730	725	720	_
Turnov	er: 3126 (;	3744) lots o	f 5 tormes ents per pound) k	
Dec 29	Comp. d	lelly 62.84 (82.85). 15 day ave	0r (-
	15 (62.03)			_
SUGAI	l – Lond		(\$ per tonne	e }
Raw	Close	Previous	High/Low	_
Mar	287.80	293.40	293,40 287,40	
May Aug	289.80 287.80	294.80 293.00	294.80 289.00 292.00 287.00	
Oct	283.20	286.60	285.00 283.40	
Mar May	269.40 268.00	272.40	272,80 271.40 271.40	
White	Close	Previous	High/Low	-
Mar	373.00	374.00	374,00 372.00	-
May	374.00	376.50	377.00 372.00	
Aug Oct	379.50 355.00	382.00 357.00	383,00 379.00 358,00 357,00	
Dec	343.00	346.00	344,00	
Mar	342.50	345.50	344.50 340.50	_
Turnovi 546 (22	er. Aaw 83 es	38 (952) lots	of 50 lonnes. Whit	o
	G)		e): Mar 2166, Ma	
Paris-	White (FF	र छस्य व्यवस्थ		
Paris-	White (FF	7 per 10111 Oct 2125, D	ec 2070, Mar 2075.	
Paris- 2212, A	White (FF	Oct 2125, D	ec 2070, Mar 2075. S/berre	
Paris- 2212, A	White (FF ug 2270, (Oct 2125, D	ec 2070, Mar 2075. \$/berre	
Paris- 2212, A CRUDE	White (FF ug 2270, (Close 20.51	Oct 2125, D PE Previou 20.26	8/berre us High/Low 20.55 20.15	
Paris- 2212, A CRUDE	White (FF ug 2270, (Class	PE Previou 20.26 1 19.66	ec 2070, Mar 2075. \$/barre us High/Low 20.55 20.15 19.93 19.57	
Paris- 2212, A CRUDE Feb Mar	White (FF ug 2270, (Class 20.51 18.90 19.47	PE Previous 20.28 19.85 19.25	8/berre us High/Low 20.55 20.15	
Paris- 2212, A CRUDS Feb Mar Apr IPE Ind	White (FF ug 2270, (Class 20.51 18.90 19.47	PE Previous 20.28 19.86 19.25 20.08	ec 2070, Mar 2075. \$/barre us High/Low 20.55 20.15 19.93 19.57	
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Paris- 2212, A CRUDS Feb Mar Aor IPE Ind Turnovi QAS Of	White (FF ug 2270, (Close 20.51 19.90 19.47 ex 20.25 er: 5690 (4 EL ~ IPS Close	Oct 2125, D PE Previous Previous 222.00	2070, Mar 2075 \$/berry 20.55 20.15 19.30 19.57 19.47 19.12 \$/bonn High/Low 225.75 222.75	-
Paris- 2212, A CRUDS Feb Mar Apr IPE Ind Turnovi QAS O	White (FF ug 2270, (OSL - H Close 20.51 18.90 (4 EL - IPE Close 224.25 20.80 (4 EL - IPE 224.25 208.00	Oct 2125, D PE B Previous 19.65 19.65 19.25 20.08 1498) Previous 222.00 204.50	2070, Mar 2075 S/berry 20.55 20.15 19.93 19.57 19.47 19.12 S/honn High/Low 225.75 222.75 208.00 204 50	-
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Paris- 2212. A CRUPS Feb Mar Apr IPE Ind Turnov QAS O Jan Feb Mar Apr Turnov Turnov Cas C S30.1	Within (FF up 2270, (Cos. Cos. Cos. Cos. Cos. Cos. Cos. Cos.	PE 2125, D PE 20.28 20.28 20.28 20.28 20.08 20.498) Previous 222.00 204.50 186.00 174.50 197.50 198.00 229]lots of	S/berry us High/Low 20.55 20.15 19.53 19.57 19.47 19.12 \$/bonn High/Low 225,75 222.75 20,00 204 50 190,00 195.50 170,25 178.25 170,00 169,00 torunes BWC \$800, BTD bears BTC \$585.	-
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LONDO	N META	L EXCH	ANGE	(Prices supplic	d by A	malgam	ated	Metal	Trading
	Close	 -	Previous	High/Low	AM Offici	al Ke	erto chos	10	Open	interest
Alumini	um, 99.7	% purity (S per tonne)				Ring t	Imov	er 14,8	ennot 000
Cash	1631-		1627-8 1629-30	1629 1640/1630	1629-30		47 A			
3 month		(£ per to		109011030	1631-2		37-8 Bian b		33,661	25 tonne
Cash	1489		1513-4	1489/1472	1473-5		ning it	41200	# 24,2	-
3 manth	ıs 1499-	500	1512-4	1510/1486	1486-7	15	09-10		65,851	lots
	per tonne						Ring N	MOV	er 10,5	50 tonne
Cash 3 month	444-6 19 440-1		445-6 444-5	451/450 446/440	450-1 444-5	44	2-3		9.698	lots
Nickel (per tonr	18)					Ring 1	urno	var 1,1	76 tonne
Cash	7875- s 7825-		8250-300 7975-8000	7860/7850	7850-60	70	~ ~		6.345	
3 month Tin (S o	ar tonne)	<u>~_</u> _	1010-0000	7900/7640	7680-90		25-50 Biog	france		70 tonne
Cash	6750-	70	6934-6	6860/6850	6810-20		. 1418	1 4411	-	AC ENNIG
3 month			7050-60	7000/6880	€940-50		10-5		6,578	
Zinc, Sp Cash			5 per tonne) 1335-8	40454-040			Aling tu	MOV	er 31,1	25 tonna
3 month	1320- s 1282-		1335-8 1275-80	1340/1300 1238/1265	1305-10 1275-8	12	B8-300		14,936	lots
Zinc (\$ p	er tonne	1	_				Ring t	טרונב	ver 5,5	00 tonne
Cash March 3	1310- 0 1250-		1300-10 1260-70		1300-10 1250-60				1 270	
LME Ck	stng C/S		-200-10		1230-00				1,370	-AB
SPOT: 1	6125		months: 1.58	70	6 months:	1,5596		9	month	n: 1.5393
							-			
POTATO	DES - 9	FE		ennos/2	LONDOM SU	ELLION	MARK	ET		
	Close	Proviou	s High/Low		Gold (fine oz				equiva	elent
Feb	145.0	149.0	145.0	_	Close	4001,-4			18 4,-24	
Apr May	208.0 232.0	210.0 233.7	210.0 207.9 232.0	5	Opening	402 4-4		24	18 ⁷ 4-24 17.352	
Turnove	r 62 (52)	lots of 4	tonnes.		Morning fix Afterneon fix	401.65 399.00			17.332 16.677	
	-				Day's high Day's low	403 4-4				
eovasi	PAN ME	A2. – BF	<u> </u>	£/tonne						
SOTAB	Close	Previou		2 Wille	Coins	\$ price			ednjas	ilent
Feb	139.50		139.50		Mapleleaf Britannia	410-415 410-415		25	4-257 4-257	
Turnove	r 15 (890) lots of 2	20 tomes.		US Eagle Angel	410-415 411-416			54-257 55-258	
					Krugerrand New Sov.	400-403 94-98		24	18-250	L_
FREIGH	T FUTUI	RES - B	PE \$10/Inc	ler point	Old Sov.	94-96		58	14-29. 14-20:	•
	Close	Previous	s High/Low		Noble Plat	482_20-	489.85	24	7.45-3	12.20
Jan Feb	1663 1632	1660 1662	1867 1663 1692 1690		Sliver fix	р/пле с)Z	Ü	S cts e	dnja
Apr	1692	1688	1694 1690		Spot 3 months	320.95 332.80			1.00	
Jul Oct	1423 1533	1420 1559	1430 1425		6 months	344.75		54	2.60	
arı Zummut	1509 r 120 (28	1592			12 months	367.10		56 	3.25	
· OI · IDAG	د. ،جن رح <u>ه</u>				TRADED CPT					
				0000	Aleminium (9		Call			huts
GRAINS Wheat	Close	Previous	s High/Low	£/tonne	Strike price \$			Aer S	Jan	Mar 12
Jan	114,10	113.35	114.10 113		1650	2	2 3	7	15	50
Mar May	118.10 121.70	117.45 121.15	118.10 117. 121.70 121.	.45 .55	1750	A2	C-#		113	120
Jun	123.20	122.90		-	Copper (Grad 2500		Call	39.		Adda 49
	-				2400	i	2 8	io o	10	93
Barley	Close	Previous	High/Low		2500		4	3	96	155
Jan	111.20 113.65	111.00	111.20 111. 113.30	.00	Coffee			lay	Mer	May
Mar May	115.30	113.30 115.10	175.70-4		600 650			3	9 30	12 30
Turnove	r lots of	98 (174). 100 tonne	Barley 18 (10	n.	700			7	62	66
* 71 * 27 4 GA			-		Cocca	A	Agır h	łay	Mer	May
					600 650			4	13	21
PIGS -			Cash Settlemo	ont) p/rg	700	6		? 9	38 75	44 76
4	Close		, High/Low		Spent Cardo					
Apr Jun	108.5 109.0	108.0 108.5			Srent Crude 1950			Azr_	Feb	Mar
Aug	108.5	TQ9.D			1950 2000	_	. B		1	39

very light. Speculative buying firmed coffee tutures. Cocoa trading featured mostly commission house action before closing up 4, basis March. The orains had technical selling in the soy complex. Com and wheat futures also eased in lesser volume. Good rainfall was noted in mid-western United States and Brazil. The livestocks all teatured very quiet sessions. Orange juice prices continued to rise reflecting the cold weather. Sell-stops pushed to ention market lower. The energy complex remained active. The near-term shortage of gasoline helped futures prices gain. Heating oil was also up but volume was down from previous sessions. Crude oil rose sharply from spillover buying. Prices closed over the \$22 dollar tavel. **New York** GOLD 100 troy oz.; Sitroy oz. PLATINUM 60 troy oz: \$/troy oz 474.2 482.2 487.4 493.9 499.9 SILVER 5,000 troy oz; cents/troy oz. Close Previous High/Low 523.2 527.3 535.0 542.7 550.6 561.7 565.1 573.1 580.8 REUTERS (Base: Soptember 18 1981 = 100) Jan 2 Dec 29 month ago yr ago 1806.4 1818.1 1831.4 1960.2 DOW JONES (Base: Dec. 31 1974 = 100) Dec 29 Dec 29 mnth ago yr ago 127,44 127,28 129,80 129,37 129,30 131,24

	Close	OPPER 25, Previous		<u> </u>		icag			
lan	106.80	106.95	106.75	105.10	50Y/	BEANS 5	,000 bu min;	cents/60lb	pushei
æb	108.70	106.70	106.65	106.65		Close	Previous	High/Los	*
Mer Nor	106.20 105.50	106.40 105.60	106.4D 0	104,30	Jen	561/2	588/0*	567/2	560/
Asy	104.80	105.20	105.00	103.50	Mar	575/6	582/2	582/0	575/
lun	104.30	104,70	103.00	103.00	May- Jui	590/0 602/2	596/0 808/2	594/6	589/ 601/
lul .	103.85	104.25	103.50	108.00	Aug	605/6	614/0	607/4 610/2	605/
eo Ger	103,40 102,90	103.80 103.35	102.50 102.50	102.50 102.50	Sep	607/0	615/0	612/0	607/
let .	102.40	103.00	0	0	Nov	613/4	618/0	618/0	613/
20110	E OF IIV	ht) 42,000	190 anii- e	/harret	Jan-	622/4	529/4	627/4	622/
	Latest	Previous	High/Lox		BOYA		60,000 lbs;		
eb	22,67	·21.82	22.70	21.79	Jen	Close 18.43	Previous	High/Lov	
lar	22.26	21.49	22.30	21.47	Mar	18.67	18.70 19.19	18.70 19.20	18.30 18.81
ipr ley	21.88 21.46	21.16 20.83	21.88 21.45	21.15 20.83	May	19.32	19.60	19.57	19.29
ul	- 20.70	20.29	20.70	20.29	Jul .	. 19.64	19.88 .	19.85	19.6
wg	20.40	20.05	20.40	20.17	Aug '	19.70 19.85	19.95 20.06	19.95 20.06	19.70
)ct lov	19.86 19,88	19.74 19.88	19.90 19.88	19.79 19.67	Oct	18.97	20.15	20.10	19.69 19.60
					Dec	20.00	20.17	20.20	20.00
EAI	Letest	2,000 US ga Previous	High/Lov		SOYA		AL 100 tons;	\$/ton	
eb	7630	7525	7630	7415	· .	Close	Previous	High/Low	
Aer	6550	6376	655D	6300	Jan Mar	179,7 179,8	181.6 781,4	181,5	179.3
ipr Azy	6075 5780	6957 5572	6080 5780	5850 5650	May	179.7	181.4	181.4 181.5	179.2 179.3
ui 🗀	5550	6472	5550	5480	Jul	181.9	183.4	163.9	161.6
WQ.	5585	5517	5595	5570	Aug Sep	182.7 183.7	184.1	184.0	182.7
				<u> </u>	Oct	184.8	184,7 185.0	185.0 186.0	183.7 184.8
2000		es;\$/torme			Dec	187.5	187.2	168.2	187.0
_	Cicse	Previous	High/Lov		<u>. </u>				
tar Any	929 934	925 933	938 944	924 . 930 .	MACZE	5,000 tu	min; cente/5	elp poshel	
ᄪ	948	948	954	943 .		Close -	Previous	High/Low	,
iep Aar	966 1005	965. 1006	971 1010	964	Mar	237/6	239/5	239/0	237/4
aay Aay	1013	1014	0	1010 0	May Jul	243/5	245/4	248/0	243/4
_		,500fbs; ¢ei			Sep	245/0 245/4	. 249/6 249/2	249/2 248/4	247#8 245/4
	Close				Dec	245/4	247/6	247/6	245/0
Aar	80.56	Previous	High/Lov		Mar	251/4	254/0	254/0	251/4
aur Jey	82.52	79.57 81.45	81.20 82.90	79.15 81.25		<u> </u>	<u> </u>		
إدا	84.60	63.00	84.75	83.25	WHEAT	T 5,090 bu	anin; cents/6	Mp-bushel	
iep Jec	86.50 89.55 :	84.90 .88.90	86.75 89.60	85.10 89.25	:	Close	Previous	High/Low	
Aar	91.75	92.50	0	0	Mar	408/6	409/2	410/6	407/2
/IEY	93.75	93,50	0	0 -	May	387/2	387/6	389/4	386/2
HGY	R WORLD	-11 - 112.0	CO ibs; cer	ds/lbs	Jul Sep	359/6 354/4	958/4 385/4	360/4	357/4
	Close ·	Previous	High/Lov		Dec	375/4	276/0	365/4 376/4	383/0 375/0
857	12.45	13.55	12.67	12.00					
Asr Asy	13.02	13.16 13.21	13.28	18.00					
uay U	12.82	13.21 13.06	13.30 13.16	13.06 12.92	LIVE	ATTLE 40	.000 lbs; cen	w/lbs	
ct	1271	12.79	12.90	12.70 .		Close	Previous	High/Low	
lar Kay	12.25	12.32 12.22	1 <u>2.42</u> 0.	12.25	Feb	77.45	77.37	77.62	77.20
_,				0	Apr	· 75.92 · 72.12	75.67	75.95	75.60
ЮΤ	ON 50,000	cents/ibs			Jun	71.35	71.67 71.22	72.15 71.42	71.80 71.22
٠.	Close	Previous	High/Los		*Cot	71.20	71.20	71.80	71.10
lar	58.34	69.07	69.00	68.07	Dec	72.20	72.25	72.40 -	72.10
ley '	68.65 68.65	69.49	69.20	68.SD ·	FIVE #	UGS \$0,0	00 Ro; cents/I		• .
kct -	64.76	69.40 65.20	69.05 · 64.98	68.50 64.60		Close	Previous	High/Low	
ec.	63.55	63.95	63.76	63.40	Feb	48.72	48.70	48.85	48.30
lar ley	84.20 84.90	65.50	0 .	ο .	Apr Jun	45.22 48.55	44.87 45.62	45.25 48.70	44.55 48.25
		15,900 ibs:			Jul.	48.80	48.97	48.95	48.52
					Aug	47.65 43.30-	47.75 43.50	47.70 48.60	47.42 43.30
en	170.25	Previous 165.65	High/Lo		Dep	45.00	45 <i>2</i> 7	46.30	44.90
îar	168.05	160.05	171.00 168.05	165.65 168.05	PORK	BELLES .	40,000 lbs; ce		
lay ul	167.00 168.10	159.00 160.10	167.00 168.10	167.00		Close	Previous	High/Low	
•	167.00	159.00	167.00	168.10 167.00	Feb	49.95	49.90	50.22	49.62
юр	166.25	158.25	168.25	166.00	Mar	49.95	49.90	50.20 51:10.	49.62 50.60
iop iov						51.02,	50.65		
iep iov ien	163.60	155.50 155.50	162,50	165.00	May		51.05	51.50	50.85
lov lov		155.50 155.50 155.60	162,50 0 0	162.00 0 :	Jul Aug	. 51.25 50.20	51.05 49.50	51.50 50.45 62.50	50.85 49.55

LONDON STOCK EXCHANGE

Market baulks at its all-time high

HOPES THAT the first trading session of the New Year would see the UK stock market pushing forward to new peaks were dashed yesterday, but only just. Desnite a new warning on domestic interest rates from Mr John Major, the Chancellor of the Exchequer, the market gained 20 FT-SR points in early trading but then faltered on the very brink of a new all time high and reacted sharply to an erratic opening

The keynote remained the sluggish level of turnover. Seaq volume reached only 329.5m shares for the full session, and was noticeably thin at the opening when market

Barres Barres	
Account Dealing D	
Pint Desings: Dec 27 Jan 15	Jan 25
Option Declarations: Jan 11 Jan 25	Reb 8
Lest Coolings: Jan 12 Jan 25	Feb 9
Account Dans	Feb 49
They time dealings may take ple	

indices were at their best. The pace of activity quickened as the session wore on and profits were taken on the sharp rises of the Christmas and New Year period.

The lack of business lay behind the volatility of prices for leading stocks which caused the Footsie Index to

lose most of its early gains when Wall Street opened lower, only to rally in the closing minutes as the New York market put on a better face.

At its final reading, the FT-SE Index was 11.4 points up at 2,434.1. Last year's peak of 2,426 was easily penetrated in

early trading but the day's best level of 2,448.3 was just 0.1 short of the all-time closing high reached on July 16 1987. Market analysts were cautious of reading too much into such a thinly-traded market. The Chancellor's new year message, in an interview with the Financial Times, was "hard for equities to resolve", commented Mr Bill Smith of Prudential-Bache. The message seemed to be, added Mr Smith, that the authorities believe that the economy is slowing significantly but that interest rates will not fall yet. "The traditional knee-jerk January buying seemed to lack conviction this year," he added.

The initial advance in equities owed much to the crop of New Year recommendations from the investment press and analysts at the securities houses. There were few surprises in these lists, where the recently privatised water issue stocks found universal mention. Today the companies can see their first official lists of shareholders, and the market is agog for the disclosure of stakes already built up by European and other overseas

Investment interest was very selective yesterday, and across the broad range of the market the mood seemed one of caution. Sharp gains among building stocks reflected very slender turnover, and last week's advances in insurance issues came in for profit-taking.

"Maybe we are not going to see the big January upturn this year," said Mr Paul Harrison at Salomon International. "There were absolutely no seliers in the market, but we did not see much pressure to buy

	F	NAN	CIAL	TIME	S ST	OCK	INDIC	ES		
	· Dec	Dec 29	Dec. 28	Dec 27	D46 22	Year	1981 High	Low	Since Co High	Impfletion Low
Government Secs	84.20	84,29	84.16	84.26	84.49	86.85	89.29 (8/2/89)	82.93 (4/12/89)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed interest	92.74	92.52	92.53	92.67	92.67	95.97	99.59 (15/3/89)	92.02 (8/12/89)	105.4 (26/11/47)	50.53 (3/1/75)
Ordinary Share	1934,1	1916.6	1896.2	1896.9	1868.2	1447.8	2008.6 (5/9/89)	1447.6 (3/1/89)	2008.6 (5/9/69)	49.4 (28/6/40)
Gold Mines	309.5	309.1	314.9	311.1	312.9	160.7	317.8 (13/12/89)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2434.1	2422.7	2338.8	2395.8	2382.0	1782.8	2434.1 (2/1/90)	1782.8 (3/1/89)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield Earning Yid %(full) P/E Ratio(Net)(☆)	4.41 10.79 11.22	4.45 10.90 11.11	4.50 11.01 10.99	4.50 11.02 10.99	4,57 11.17 10.83	5.06 12.78 9.44	Ordinary		d mines 12/1	ived inz. 1925, 9/55. Basis 1000
SEAQ Bargeins(5pm) Equity Turnover(5m)† Equity Bargains†	32,559	25,347 668.38 28,910	27,151 793.69 27,692	17,917 416.04 18,330	22,998 739,56 30,538	18,259 407.56 13,188	GIL		ED AC	
Shares Traded (mi)† Ordinary Share Index,	- Hourly ct	323.5	383,7 Day's High	203.6	403.9	183.4 Low 1925	12 5-D	dged Ban ay averag	9 46	-
[A]		40	1 13-37	1000	7 7 2 2 2	7 (400		Lettivity 197	6. tExcludin	g intra-market

9935.2 1930.7 1930.9 1932.4 1932.7 1931.0 1925.4 1931.4 Equity Value and of the five-d Equity Value and of the five-d Equity and Equity V continued on July 31. Closing Day's High 2449.3 Day's Low 2425.5 2 p.m. 2435.3 TRADING VOLUME IN MAJOR STOCKS Volume Closing Dity's 000's Price chance

Water again in demand

The recently privatised water industry stocks were among the market's more active areas with marketmakers and analysts awaiting news of further stakebuilding by UK and over-seas institutions. As one specialist put it: "From today the 10 water companies will be receiving their first lists of shareholders. And you can bet your life that the companies will scrutinise these very closely. There should be plenty of Section 212 notices winging their way to France, via cer tain stockbrokers. I can't believe Generale des Eanx, among others, haven't been picking up shares in a number of the water groups." 'Apart from that," he added.

"the companies are all scheduled to release interim results next week, and these could include some interesting disclosures." On December 18 Lvonnaise des Eaux revealed it had acquired a 9 per cent stake in Anglian Water, a 6 per cent holding in Wessex Water and a 2 per cent holding in Severn Trent Water. Shares in all ten water

stocks made further progress yesterday with gains ranging up to 5p, as in Welsh Water, which closed at 162p after turnover of 1.6m. The biggest activity of 6m shares was in Thames, which settled 3 firmer at 161p after the company's inclusion in the FT-SE 100share index, bringing plenty of demand from index-tracking

There was also good interest in Severn Trent, which edged up to 144%p on 4.7m. North West, with 4.1m shares traded, rose 4 to 154p and Yorkshire 3 to 177p on 1.3m. The Package advanced 27 points to £1615.

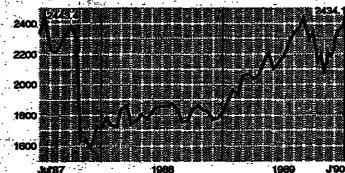
De La Rue active Dealers in Maxwell Commu-

nications and De La Rue were swamped in late trading by sto-ries, emanating from the US, that Scitex, a Maxwell subsid-iary, had sold its 3.5 per cent stake in De La Rue. Trading continued in an atmosphere of uncertainty as the market waited for an official statement and an indication of who the buyer might be.

That confirmation of the sale duly came, leaving Maxwell shares 4 off at 223p by the close. Turnover fell just short of 1m, above average for the

De La Rue firmed 5 to 306p, well below the 315p-a-share

FT~SE 100 Index



price said to have been paid for the stake and held back by doubts as to the buyer's intentions. Speculation that the buyer might use the stake as the basis for a bid were not dispelled until after the market closed when the new owner of the stake was revealed to be Bishopsgate Investment Trust, a Maxwell investment vehicle.

Rainers spine

Analysts and dealers were united in their applause for details of December trading from jewellery retailing group Ratners. The share price had been erratic in the few weeks ahead of Christmas, the most important trading period for the retailer

Analysts had been divided over whether Ratners' combi-nation of a dominant market position and low ticket prices would be enough to shield it from the downturn feared else-

from the downturn rearen easewhere in retailing.

Rathers pushed 5 better to 268p, but the shares were held back, said dealers, by uncertainty over whether margins had suffered in the effort to hoost sales. Mr. Nick, Bubb, analyst at Morgan Stanley, said that he did not believe this to be so. He was not changing his profit forecast for the current year of £110m "but we hope we'll be pleasantly

Mr Keith Wills of Goldman Sachs also took a positive tone, but pointed out: "You do not re-rate a share on the basis of a few weeks' trading."

Stores had a good day, largely on the back of positive comments from the Chancellor of the Exchequer in the morning press. Marks and Spencer and Body Shop, perceived to be the quality stock and the environmental stock and the environmental stock. ronmental stock respectively

were most sought after. They rose 31/2 to 204p and 17 to 604p

respectively.
Good December sales figures from Ratners helped newsagency chains John Menzies and WH Smith. The reason, said dealers, was that all three sell low ticket products which are less vulnerable to cutbacks in consumer spending. The food retailing sector was

quiet as dealers waited for trading news from the Christ-mas and New Year period. One analyst said that in the run-up to Christmas, business had at first been slower than expected, but that in the last week sales had picked up.

Other analysts remained cautious of the sector as they were not sure whether the late surge had compensated for the initial weakness. Furthermore, sales reports from the last week of the year had also to emerge, and this was another reason for avoiding hasty con-clusions on this key period, they said. Sainsbury finished 3 lower at 265p, while Tesco was unchanged at 197p. Asda added 1½ to 117p on positive press

The announcement by Tate & Lyle that it had sold its US and Canadian motor components business for \$179.5m and would use the proceeds to reduce its borrowings was received positively by the market. "It was a relief," one dealer said. Mr Richard Workman at

Hoare Govett said the deal would take Tate nearly half way towards meeting its debt reduction target for this year. "It shows Tate's big borrowing reduction is going to happen this year," he said. Tate closed 3 higher at 290p. Unilever gave up early gains as sterling recovered against the weakening D-Mark. It

NEW HIGHS AND LOWS FOR 1989/90

APPOINTMENTS

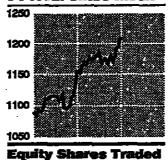
NEW HIGHS (128).
BRITISH PURIOS (17) LOAMS (1) AMERICANS (1) CAMADAMS (2) BANGE (10) SHEWERS (1) BANGE (2) SHECTINGALS (3) POODS (3) MICHISTRALS (13) AAH, Amer. Bus. 9ys., Astr. AB, BOC, BTS WITHS.
Barry Webmiller, Bottone Inf., CRT,

(32) DELS (8) OYERSEAS TRADERS (5) (22) Dels (8) Overdead investigation of the comment closed 4 firmer at 732p, having traded at 738p at one stage. Unigate slipped a penny to 357p as a stock shortage eased. British Gas extended its recent good performance, clos-ing a further 6 up at 243p on turnover of 3.1m. The Klein-wort Benson oil team labelled the stock one of its three shares of the year for 1990, saying that "with many of the seg-ments of the UK economy going into a slow-down, a stock such as Gas, which will be able to sustain dividend growth of 15 per cent per year over the next five years, should be seen as a growth stock." Hardy Oil & Gas, also tipped by Klein-

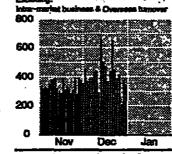
wort, moved up 7 to 191p. Leading oils were barely changed and generally quiet, despite the latest upturn in crude oil prices which continued to respond to cold weather in the US.

A bear squeeze was said to have been responsible for the rise in Caird Group. The shares gained 9 to 483p. Some of the property leaders

lost ground on press reports of the impact the Government's new rating system on the retail sector, particularly in London. Analysts said it was "an old story" but the size of some FT-A All-Share Index



Turnover by volume (million)



companies' rate bills had led to unease. Land Securities and MEPC both dropped 4 to 533p. Royal Bank of Scotland put on 4 to 215p on turnover of 1.9m with activity boosted by a cross of around 500,000 shares, but turnover elsewhere in the banks was small. First National Finance hardened 2 to 243p ahead of today's preliminary figures which are expected to show profits of in the region of £73m.

Composite insurance issues suffered from profit-taking with one dealer noting wide-

spread disappointment in the market with the £200m purchase by French company GAN of the UK group General Portfolio; "that could well have been the hig bid the market has been expecting for some months," said one dealer. Commercial Union and Royal Insurance lost 4 apiece to 527p and 575p while Guardian Royal dipped 3 to 261p. The building sectors were

among the market's best performers with dealers reporting that an acute bear squeeze responsible for some outstanding rises. RMC were typical of the day's events, the shares climbing 20 to 714p as only a pitiful 82,000 shares changed hands. Many of the house-builders displayed good gains; Westbury added 14 at 225p, and Wilson (Connolly) 8 to 173p. Higgs & Hill, the construc-

tion group on the end of a take-over bid from YJ Lovell, were 6 higher at 461p after releasing its final defence document. Lovell now has until Saturday to increase its bid.

Stanley Leisure moved erratically on news of its acquisition of eight UK casinos. The shares were briefly firm then shed several pence before recovering late to finish 7 bet-ter on the day at 243p. Analysts, by contrast, said the deal was good for Stanley. "It is a sensible price and it will be earnings enhancing in the first full year," said Mr Peter Hilliar of BZW. Mr Roy Owens of Kitcat & Aitken blamed the temporary weakness on caution after recent rises - the shares had bottomed at 201p on Fairline Boats extended

their recent advance ahead of the Boat Show which opens at London's Earl's Court tomorrow. The shares closed 25 better at 718p.

Saatchi and Saatchi gained on the back of late buying in New York last Friday, leaving the shares 18 better at 267p by the close. Steady trading in **Bowater** uncovered a bear position and the shares rose 11 to 555p. Globe Investment Trust made its debut on the FT-SE 100 and slipped a 1/2 to

Global Group, the importer and exporter of meat products whose shares were suspended prior to the recapitalisation in November, were re-quoted at 30p and quickly moved to \$4p before settling at 32p.

Specialists noted solid buying interest for British Telecom which moved up 31/2 to 3121/2p on good turnover of 4.6m shares. Racal Telecom also progressed, closing 7 to the good at 401p.

British Aerospace eased on weekend press comment that profits from the company's Rover subsidiary were expected to fall short of previous BAe forecasts. After falling to 599p, the shares rallied to close a penny down on the day at

Vickers went against the market trend and slipped 5 to 206p. An analyst said: "Vickers is dead in the water. We have to wait for almost a year in anticipation of probably disappointing news on the Chal-

of peace in Europe. Also, Sir Ron Brierley appears to be trapped as no one will take on his 16.6 per cent stake until the the Challenger decision is Bullish press comment and talk of a possible early morn-

lenger 2 tank (for which Vick-

ers have the development con-

tract) because of the outbreak

ing raid today, sent shares in Lucas racing up 20 to 665p. T&N rose 7 to 213p as the company continued to be sur-rounded by talk of a possible

bid from a French company. Other market statistics,

including FT-Actuaries Share Index and London Traded Options, Page 18

FT LAW REPORTS

Digest of Michaelmas Term cases

From October 10 to October 25

REGINA v INLAND REVENUE COMMISSIONERS EX PARTE CAMACQ CORPORATION AND ANOTHER (FT, October 10)

Camacq, an American com-pany, wished to acquire the whole share capital of a British company. However, unless it acquired not less than 80 per cent of the shares by August 3 1989, Camacq and its parent company might face US tax lia-bilities of \$10m. It acquired 70 per cent of the shares and the remaining 30 per cent included 20 per cent held by an escrow agent for the benefit of the US treasury. The Revenue authorised the proposed dividend direct to the escrow agent thus bypassing the procedure pay-ment to the Revenue but the Revenue then revoked that direction. Judicial review of that decision was refused at first instance, and in dismiss-ing the appeal against refusal, the Court of Appeal held that there was no binding rule that the Revenue must give consent to payment of the amount of tax credit by the company direct to a foreign sovereign. It had given such authorisation, but on further matters coming to its notice which made it doubt whether it was right to have done so, the Revenue was

COMMISSIONERS OF CUSTOMS AND EXCISE V SALEVON LTD; COMMISSIONERS OF CUSTOMS AND EXCISE V HARRIS AND ANOTHER

entitled to revoke it.

(FT, October 11)
When Salevon Ltd was acquired the managing director was maware that it owed £24,000 in VAT because cheques for that amount had been drawn but not paid by the former company secretary. The tribunal refused to accept the Commissioners' contention that Salevon did not have "reasonable excuse" for its arrears under section 33(2)(a) due to insufficiency of funds. In upholding that decision, Mr Justice Nolan stated that it was unlikely that Parliament intended that a trader whose explanation for late or non-payment was that the wrongful act of another had deprived him of the means to pay, should be unable to plead reasonable excuse. In the Harris case, however, the taxpayers had relied on their accountants who had assured them that they were not liable for VAT.
The tribunal held that they had "reasonable excuse" for failure to register but Nolan J

disagreed, stating that the taxpayers were legally obliged to register and - hard as it seemed - ignorance of the law was no excuse.

R v JELEN AND KATZ (FT, October 13) When a Mr Dempsey was

arrested in connection with the issuing of false invoices, he agreed with the police to hold conversations with another suspect, Mr Jelen, so that the police could tape them. At the trial, the conversations were held admissible in evidence against the appellant Katz and the applicant Jelen. On appeal, they argued that the evidence was obtained by a trick, and the judge should therefore have excluded it as being unfair under the discretion to do so given him by section to (1) of the Police and Criminal Evidence Act 1984. Rejecting that submission, the Court of Appeal stated that there was undoubtedly an element of entrapment. But that did not make it so unfair as to require the judge, in the exercise of his discretion, to exclude the evi-**CLEVELAND MUSEUM**

OF ART V CAPRICORN INTERNATIONAL SA AND ANOTHER (FT, October 17)

Capricorn agreed that a very valuable reliquary should be sent to the plaintiff museum for display. When it arrived there a plaque was missing which diminished the value of the color of t the art object by \$400,000. Capricorn commenced proceedings in Ohio where the case was ready for trial. CMA attempted to begin English proceedings and served a writ on Capri-corn's place of business in the UK in default of registration under s.695(2) of the Companies Act 1985. Dismissing Capricorn's contention that the writ was not validly served, Mr Justice Hirst stated that stor-age and viewing were very important aspects of an art dealer's business. CMA had demonstrated a sufficiently substantial scale of those two activities to make good its case that Capricorn had, at date of service, an established place of business on the premises. However, Capricorn was entitled to a stay on the grounds of lis alibi pendens in Ohio because, taking all considerations into account, further pursuit of the English action would result in substantial additional expense, inconvenience and delay.

LAKE v LAKE AND OTHERS (FT, October 18)

In the present case the donor and recipients at all times had intended that tax should fall on the released assets of an estate. By inadvertence the deed did not express the proved intention of the parties because "free of tax" was wrongly included and further-more, by a blunder, the released assets had no tax burden placed on them. Thus there were two mistakes. The mistaken insertion of "free of tax" might plainly be rectified, Mr Justice Mervyn Davies stated on application by the plaintiff donor. So might the mistaken omission of "such gifts to bear their own tax," because the words as used in the deed did not effect what was intended by the parties. An order for rectification should be made and "not free of tax" to be construed as meaning the legacies were to bear their own tax.

MEDWAY PACKAGING CO LTD v MEURER MASCHINEN GmBH & CO (FT, October 20)

Proceedings had been served by Medway, a UK distributor, on Meurer in West Germany and, in the present proceed-ings, Meurer applied under Order 12 rule 8 of the Rules of the Supreme Court to set aside service of the writ, and for a declaration that the court had no jurisdiction. Medway's cause of action was for alleged wrongful repudiation of an agreement, the damages being the profits which Medway would have earned during the alleged notice period had the contract continued. Under the article 5 of the 1982 Civil Jurisdiction Convention, Medway needed to persuade the court that the place of performance "of the obligation in question" was the UK. Medway contended that article 5(1) had to be given a broad interpretation, and that the relevant "obligation" was that which characterised the contract. Meurer contended that the place of performance of the obligation was Germany, because that was where the goods were sold and delivered to Medway. Refusing to set aside the writ, Hobbouse J stated that the obligation to give notice to Medway was to be performed in the UK.

J LAURITZEN A/S V WIJSMULLER BV (FT, October 24)

In deciding preliminary issues

concerning a dispute over the transportation of an oil rig, Hobhouse J held, inter alia, that the contract had not been frustrated. Upholding that deci-sion, the Court of Appeal stated that to frustrate a contract, the event had to significantly change "the nature (not merely the expense or onerous-ness) of the outstanding contractual rights and/or obliga-tions from what the parties could reasonably have contemplated at the time of . . . execution" (see National Carriers [1 981] AC 675,700). But that was not the case here, where the defendant had two alterna tive methods of performing the contract and although the other method was available, the defendant had consigned it under contract elsewhere. Moreover the doctrine of frustration could not be invoked when the frustrating event was at all times within the control of the party who sought to rely on it and who had the means and opportunity to prevent it but nevertheless had allowed the frustrating event to come

ALI AND ANOTHER V CARRIER TRANS-CONTINENTAL CO LTD (FT, October 25)

By two agreements, Carrier agreed to allocate to CIE and Flamma respectively five per cent of f.o.b. point of shipment value of air conditioning equipment purchased from it, the commission to be payable "in respect of sales and co-ordina-tion services." CIE was in a position to specify and recom-mend the use of particular equipment for each project, subject to approval of the Saudi Arabian Ministry of Defence and Aviation. In pro-ceedings that arose when Carrier refused to pay the commis-sion, Leggat J held that the first agreement contained a clause that the contract should be null and void if it contravened the US Foreign Corrupt Practices Act 1977 and the court was satisfied, beyond reasonable doubt, that Carrier's promise to pay commission under that agreement constituted a contravention of the Act. However, as no such clause appeared in the second agreement. Carrier was not relieved of its obligation to

Aviva Golden

Blue Circle US president

Mr Keith Orrell-Jones (pictured right) has left ARC, aggregates subsidiary of Consolidated Gold Fields, to become president of BLUE CIRCLE HOLD INGS INC, the UK cement group's US holding company, writes John Thornfull. He will also become a main board director of Blue Circle Indusviously chief executive of ARC and a board director of Consolidated Gold Fields. His move follows less than five months after Consolidated Gold Fields

was taken over by Hanson, the

acquisitive conglomerate. He

succeeds Mr John Bourdeaux who has resigned. BRITISH AEROSPACE has appointed Dr Ian A.M. Hall. managing director of British Aerospace (Military Aircraft), to a new post where he will be responsible for strategic ... planning for the aerospace companies. He has been succeeded by Mr John P. Weston. Mr Weston was director-in-charge, Saudi Arabian operations.

The Governor of the Bank of England has appointed Sir Adrian Cadbury, chairman of Cadbury-Schweppes 1975-1989, as a member of the PANEL ON TAKEOVERS AND

■ Mr T.D. Carpenter has been appointed a deputy chairman of E.W. PAYNE.



W Mr Paul Nicholson, Vaux Group chamman, Mr Ian McCutcheon, 30 years with Shell and now a non-executive director of Britoil, and Mr Staart Errington, until recently Mercantile Group chairman and chief executive, have been appointed non-executive directors designate to the board of the force NORTHERN ELECTRIC.

■ MAJEDIE INVESTMENTS has appointed Sir Richard Baker Wilhraham as a non-executive director. He recently retired from J. Henry Schroder Wagg & Co. Among other posts he is deputy chairman of Bibby Line Group, a trustee of Grosvenor Estates, and a director of Brixton

Mr Peter Dunscombe and Mr William Mather become joint managing directors of IMPERIAL INVESTMENTS, pension fund investment management subsidiary of Hanson, from April 1. They both joined Imperial in the mid-1970s and were appointed directors in 1987. Mr Norman Ferguson retires as managing director on March 31. He becomes an adviser and will be appointed a director of the trustee company, Imperial Group Pension Trust.

m Mr Patrick Barrett has been appointed deputy chairman of PORTER CHADBURN. Mr Paul Lines, company secretary and director, has resigned, and will leave the group at the end

B Mr G.M. Harrison has succeeded Mr I.A. Glendinning as managing director of SIMON-HORIZON. Mr P. Haskey has been appointed director geophysics with responsibility for research and development, following the resignation of Mr P.W.G. Duke. Both Mr Glendinning and Mr Duke are taking posts outside the group. Mr N.A.M. Campbell has been promoted to financial director from chief accountant. Mr M.A. Ferrett has been appointed marketing director. He joins from Gaffney, Cline and Associates.

■ Mr Mark Hardinge and Mr Andrew P. Newman will be joining R.K. CARVILL & CO as divisional directors from

■ LUNCHEON VOUCHERS, part of the Accor Group, has promoted Ms Sue Harvey from sales and marketing director to managing director. She introduced the employee benefit scheme, Childcare

■ ALLIED DUNBAR ASSURANCE, part of BAT Industries, has promoted Mr Jerry Grayburn and Mr Peter Stemp to the new management level of senior executive director. Mr Grayburn will be responsible for marketing and sales training, and Mr Stemp for personnel, premises and

Merchant bank chief executive

Mr John Hodson (pictured) has been appointed chief executive of SINGER & FRIEDLANDER HOLDINGS and Singer & Friedlander. Mr A.N. Solomons retires as chief executive but remains chairman of both companies and of Singer & Friedlander remains chair-Group. Mr Hodson and Mr Michael Mel-Inish have been appointed joint deputy chairmen of Singer & Friedlander Investment Management. Mr Peter W. Burditt becomes a director of Singer & Friedlander. He is based at the bank's Bristol

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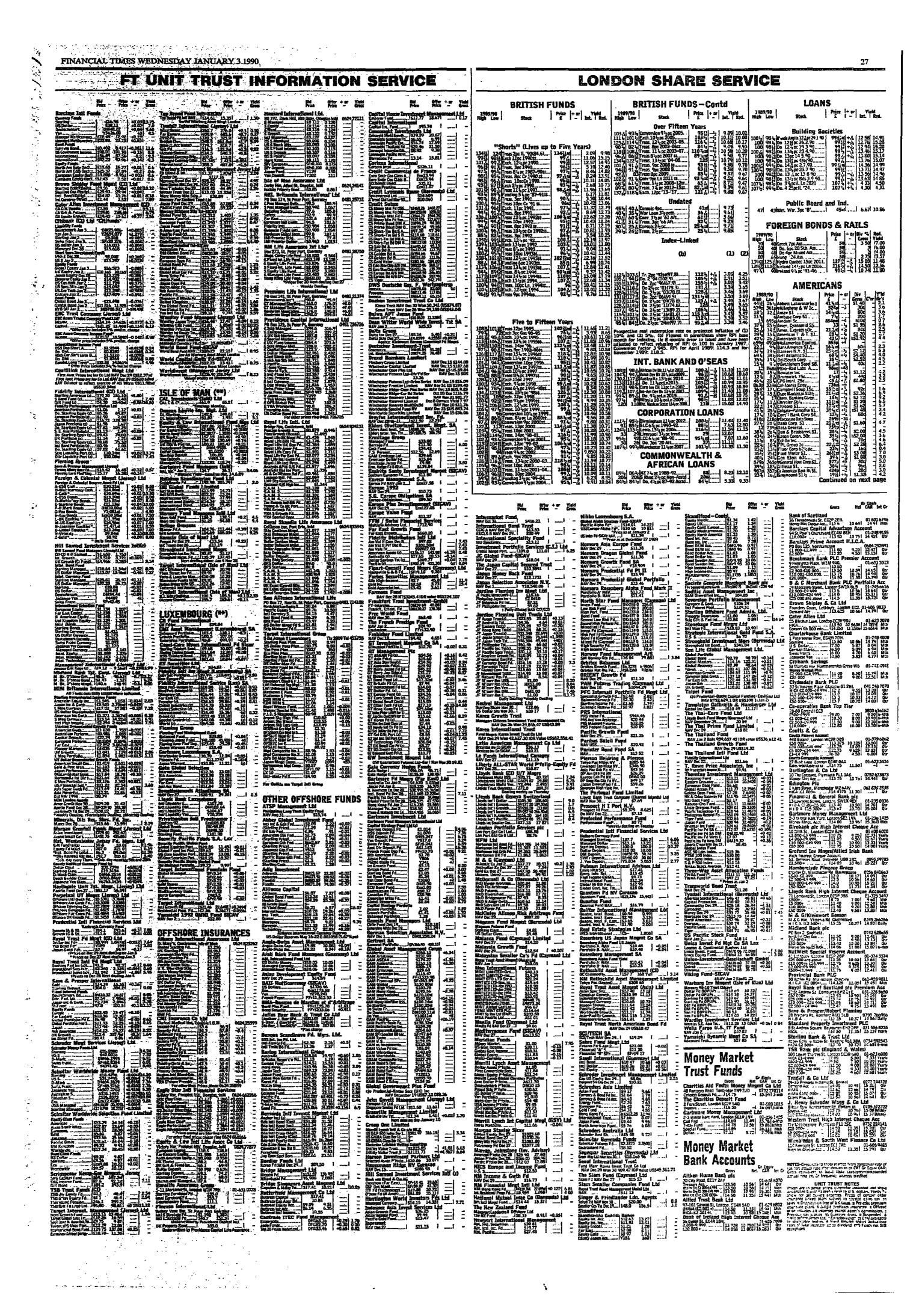
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar and sterling improve

Bankers Trust cut its broker

loan rate by 1 per cent to 9½ per cent, but there appeared to be little significance in the

Fed's move to add money mar-ket liquidity via two-day sys-tem repurchase agreements when Federal funds were trad-

when rederal lithus were trac-ing at 8% per cent, against an assumed target of 8% per cent. The NAPM's index of eco-nomic activity of 48 per cent for December still suggests the

dollar rallied. News that US

construction spending rose 1.5 per cent in November, after

falling 0.1 per cent in October,

had no impact. Reasonably optimistic news

18

THE DOLLAR rose in quiet foreign exchange trading, as dealers looked for fresh incentives to move the market. It was a slow start in Europe as Tokyo remained closed after the New Year. Recent eco-nomic data has favoured the dollar and sterling, enabling both currencies to rally against the D-Mark in spite of speculation about higher West Ger-

man interest rates.
In Amsterdam Mr Wim Kok, the Dutch Finance Minster, indicated that the guilder will maintain its value against the D-Mark in any realignment of the European Monetary Sys-tem this year. In Paris there was speculation that the Bank of France would have to raise its interest rates if a devaluation of the franc against the D-Mark was to be avoided. Call money traded at 11's per cent yesterday, well above the cen-tral bank's 10% per cent inter-vention rate. The Bank of France offered to ease the tight conditions by offering banks overnight funds at a penal rate of 11½ per cent, adding to fears of higher official rates.

The main factor providing support for the dollar was a stronger than expected survey from the National Association of Purchasing Management. This offset an easier trend in US interest rates. In New York

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J39.2		Close					
£ Spot 1 month 3 months 12 months	1.6105-1.6115 0.84-0.85cm 2.39-2.35cm 8.38-8.28cm	1.6100-1.6110 0 96-0.94pm 2 58-2.53pm 8.93-8.83pm					
Forward premi	क्षां आर्थ वीडक्टकार्यः स्	in the US dollar					
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	Jan	2 Previous					

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CURRENCY RATES					

Jan.2	138	Orawing Rights	Corrency Unit
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# Sterling quote	d in term	s of SDR.and	ECU.per £.

CURRENCY	MOAF	WEN 12
Jan.2	Bank of England Index	Morgan ^{es} Guaranty Changes %
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OTHER CURRENCIES								
Jan.2	£	5						
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Singapore S. Af (Cm) S. Af (Fe) Talwan U.A.E	3.0620 - 3 0675 4.0930 - 4.1035 5.6625 - 5.7645 42.10 - 42.20 5.9375 - 5.9430	1.8980 - 1.8900 2.5415 - 2.5430 3.5150 - 3.5780 26.15 - 26.20 3.6725 - 3.6735						

MONEY MARKETS

INTEREST RATES had a slightly softer tone on the Lon-

London rates ease

don money market yesterday, as sterling showed signs of improvement on the foreign exchanges. Three-month interexchanges. Three-month inter-hank was quoted at 15%-15½ against 15½-15½ per cent ahead of the New Year holiday, while six-month money eased to 15-14% from 15½-14½ per cent.

The Bank of England kept the short end of the market tight however, and did not appear to provide enough help to take out the full day to day credit shortage. This was inicredit shortage. This was initially forecast at £300m, but was revised to £550m at noon, and to £500m in the afternoon. Total help of £325m was pre-

UK clearing bank base lending rate 15 per cent from October 5

Before lunch the authorities bought £293m bank bills outright in band 2 at 14% per cent. In the afternoon another £17m bank bills were purchased, in band 2 at 14% per cent. Late assistance of around £15m was also given.

around from was also given.
Bills maturing in official
hands, repayment of late
assistance and a take-up of
Treasury bills drained £685m, with Exchequer transactions absorbing £160m and bank balances below target £40m.

These factors outweighed a fall in the note circulation adding £585m to liquidity.

In Frankfurt call money fell to 7.95-8.10 from 8.00-8.50 per cent as the money market awaited fresh direction from this week's allocation at the West German Bundesbank's securities repurchase agreement tender. This takes the form of a two-tranche tender for 29-day and 57-day funds, both at variable bid rates. It is the first time the Bundesbank has set a one-month variable rate tender since official interest rates were increased by 1 per cent on October 6, and appears to indicate that the central bank is again prepared to let the market set the level of interest rates, in spite of the sharp rise in short term rates at the end

of last month.

Three earlier facilities, totalling DM36.2bn expire today and dealers are divided on whether the Bundesbank will fully replace this money. As nervousness increased As nervousness increased that West German rates will be that West German rates will be allowed to rise Government bond futures fell to record lows on Liffe. March bonds touched a record low of 89.42, before closing at 89.57 against 90.65 before the long holiday week-end. Short sterling futures also weakened as fears grew about higher European rates. March short sterling rates. March short sterling declined to 85.47 from 85.52.

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Jan.2	Day's spread	Close	One mosth	% pa	Three executs	% pa.
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francs, Financial franc	35.60-35.70.	OCHIAL SING SOC SD 1	use mgryklaar cur	rency. Belgian rati	is the contestion
EMS E	UROPE	AN CURI	RENCY	UNIT RA	TES
	हिटा क्यांपर्थ गर्वार्थ	Certaicy amounts against Ecu Jan.2	% change from central rate	% change adjusted for divergence	Divergence ilmik %
Belgian Franc Danish Krone German D-blank French Franc Dotch Gelder	42,4582 7,85212 2,05853 6,90403 2,31943	42,6225 7,881,44 2,02565 6,92435 2,28802	+0.39 +0.37 -1.60 +0.29 -1.35	+0.39 +0.37 -1.60 +0.29 -1.35	±1.5508 ±1.6453 ±1.1762 ±1.3618 ±1.5272

Spanish Peseta	133,804	131.044	-5
Character and data Cons. 41			

Jan.2	£	5	DM	Yen	F Fr.	\$ Fr.	ЯFI.	Lina	C S	BF
£	1	1.612	2.755	235.8	9,398	2533	3.110	2065	1871	58.0
	0.620	1	1.709	146.3	5.830	1571	1.929	1281	1.161	36.0
DM	0.363	0.585	111.68	85.59	3,411	0.919	1.129	749.5	0.679	21.0
YEN	4.241	6.836		1000.	39.86	10.74	13.19	8757	7.935	246
F Fr.	1.064	1.715	2931	250.9	10.	2.695	3.309	2197	1.991	61.7
S Fr.	0.395	0.636	1088	93.09	3.710	1	1.228	815.2	8.739	22.9
N F).	0.322	0.518	0.886	75.82	3.022	0.814	1.506	664.0	0.906	18.0
Lira	0.484	0.781	1.334	114.2	4.551	1.227		1000.	0.906	28.1
C S B Fr.	0.534 1.723	0.862	1.472	126.0 406.2	5,623 16,19	1.354 4.363	1.662 5.357	1104	3.223	31.0 100

LIFFE LONG GELT FUTURES OFTENS

fallen steadily against the D-Mark. The dollar's upward trend led to short covering and triggered stop loss buying The dollar finished in Europe below the day's peaks, after the Federal Reserve inter-

vened to sell the US currency against the Japanese yen. It rose to DM1.7085, from DM1.6915 on Friday; to Y146.20 from Y143.80; to SF1.5715 from SFri.5425; and to FFr5.8300 from FFr5.7860. The dollar's index advanced to 67.9 from

US economy is slowing - a fig-ure under 50 per cent points to a slowdown - but the figure was not expected to be much changed from the November's 46.6 per cent, and therefore the Sterling rose with the dollar after last week's announcement of a smaller than feared UK trade deficit in November. The pound was little changed at \$1.6120 against \$1.6125 on Friday, but rose to DM2.7550 from DM2.7275; to Y235.75 from Y231.75; to SFr2.5325 from SFr2.4875; and to FFr9.3975 from FFr9.3300. Sterling's

about the ect to push the thin tradin when the	e dollar ig after	higher i a perio	n SFr2 d from	2.4875; a FFr9.	SFr2.53: nd to F 3300. St 0.8 to 86.	Fr9.3975 terling's				
EURO-CURRENCY INTEREST RATES										
Jan 2	Skert tera	7 Days notice	Cae Mozih	Three Morths	Six Months	One Year				
Sterling US Doilar Lon, Dollar D. Gulker Sw. Franc Deutschmark Fr, Franc Skillan Lira B. Fr (Find B. Fr (Cond) Ver Ver J. Krone Asian SSing	812-813 1213-1213 813-813 101-913 13-11 101-10 10-913 64-64	15, 8, 15, 15, 15, 15, 15, 15, 15, 15, 15, 15	13. 13. 13. 13. 13. 13. 13. 13. 13. 13.	15-4-15-16-16-16-16-16-16-16-16-16-16-16-16-16-	15-148 81-81- 113-113 81-85 91-663 113-113 103-10 103-10 1-113 81-81- 81-81	14g-145, 81,-81, 115-115, 85,-85, 84,-85, 119-115, 101-101, 101-101, 101-115, 82,-84				

74 22jug	84 85	87-82	8-1-8-4	84-84	84-84	82-84
Long term Eurod	ollars top year	81-84 per ce	nt, three years 8	12-8 % per cent;	four years 64	8½ percent; flw

	B- /-			a. 7	Three	
Jan.2	Day's spread	Close	Ope month	% 92	months	% p.a.
S	1.6080 - 1.6265	1.6115-1.6125	0.96-0.93cpm	7 03	2.57-2.53pm	6.3
بدلند الم	18690 - 1.8815	1.8705 - 1.8715	0.54-0.46cpm	3.21	1.35-1.20pm	2.7
therlands .	3074 - 3.115	3,1013 - 3,1115	14-15com	6.53 4.75	45 ₃ -43 ₅ pm	5.7
elgium		58.00 - 58.10	24-22com	1.2	65-61pm	4.3
enmark	10.60% - 10.72%	10.683, -10.693,	23-23-orean 0.30-0.25com	1.82 3.16	7%-6% pm 0.80-0.70cm	2.6 2.8
eland I. Germany .	2.724 - 2.754	2754-2754	15-15ppm	611	44-41 ₋ pm	6.0
ringal		242.90 - 243.90	9-153cds	-3.99	145-467419	-5.0
Man		177 60 - 177 90	6-16cdis	0.74	29-47/16	-0.1
ily		206412 - 206515	5-2 irepm	2.03	14-530	1.8
7727	10.634 - 10.704	10.69 - 10.70	2%-23 oresis	281	64-64pm	2.7
ance		9,394 - 9,404	34-24 cm	3.83	75-7500	3.1
reden	10.00 - 10.07	10 034 - 10 044	2%-2%orepm	299	64-55pm	2.3
pap	233-2364	2354-2364	14-15ypm	8.59	43-44 pm	7.6
stria	19,17 - 19,44	19.35 - 19.38	87-67-blobbu	4.49	27 k -23pm	5.1
vitzeriand .	2494 - 2.534	2524 - 2534	14-14com	563	31 ₂ -31 ₄ cm	5.4
<u></u>	1.3530 - 1.3625	1.3625 - 1.3625	0.44-0.41cpm	3.74	1_16-1_110m	3.3
mmercial i	rates taken tomanis i	he end of Loadon tra	stilog. Belgian rati	is come	tible frants. Fina	ह्ये हिंद
.40-57.50	Six-month toraced d	loilar 5.00-4.95cpm .	12 montos 9.00-8.	90cpm		

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR								
Јая.2	Day's spread	Clase	One mouth	% pa	Three exocuts	% pa.		
UKt	1.6060 - 1.6265	1.6115-1.6125	0.96-0.93cpm	7 03 3.28	2.57-2.53pm	6.3		
relandt	1.5350 - 1.5645	1.5430 - 1.5440	0.45-0.40cpm	3.28	1.36-1.26pm	3.3		
anada letherlands .	1.1570 - 1.1610 1.8975 - 1.9370	1.1600 - 1.1610 1.9285 - 1.9295	0.36-0.38cdis 0.10-0.13cdis	-3.53	T03-T034R	-3.6		
leigenm	35.35-36.05	35.95-36.05	4.80-6.40cdis	-0.72 -1.89	0.30-0.35d/s 13.00-19.00d/s	-0.6 -1.8		
Deumark			1.90-2.25aredis	379	5.70-6.40ds	3.6		
V. Germany	16795 - 17160	1.7050 - 1.7090	0.05-0 07cdls	0.42	0.15-0.20cds	0.4		
ortugal	149.05 - 150.90	150.75 - 150.65	125-225als	-14.03	370-570ds	-125		
O210	108.95 - 110.75	110.25 - 110.35	80-180cds	14.26	330-530dis	-15.7		
uly	1260 - 1282 1	12804 - 12814	4.50-5.50/iredis		12.00-17.00dis	-45		
orvey	6.55½ -6.63		2.05-2.40gredls	-4.05	6.05-6.6565	-3.B		
rance	5.744 - 5.854	5.824 - 5.834	1.45-1.55cdts	-3.11	4,70-4.80dis	-3.2		
MEGER	6.17-6.24		1.85-2.05 gredis	-3.77	6.00-6.45dis	-4.0		
apan	143.80 - 146.65	146.15 - 146.25	0.24-0 20yom	1.82	0.56-0.51pm	1.4		
ustria			1.50-2.70grodis	-212	150-3.9003	-0.9		
witzerland.	1.5360 - 1.5785	1.5710 - 1.5720	0.17-0 20cds	-1.42	0.37-0 42ds	-1.0		
CV	1.1790 - 1.2005	1.1835 - L.1845	0.30-0.24cpm	2.99	0.92-0.88pm j	3.0		

V	1,1790 - 1,2005	1.1835 - L.1845	0.30-0.29cpm	2.99	0.91-0.88pm	3.
emiues and	discounts apply to	he end of London trac the US dollar and so				
MG. Filan	clad franc 35.60-35.	70.			-	
E	MS FURC	DEAN CI	RRENCY	HAIT	7 BATES	_

	UNUTE	AR CUR	RENUT (UNII RA	163
	Ecu central rates	Certaicy amounts against Ecu Jan.2	% change from central rate	% change adjusted for divergence	Distrigence ilutit %
Belgian Franc Danish Krone Cerman D-Mark French Franc Denich Golder Irish Past Italian Lira Spanish Pestia	42,4582 7,85212 2,05853 6,90403 2,31943 0,768411 1483,58 133,804	42.6225 7.88144 2.02565 6.92435 2.288029 0.768929 1518.63 131.044	+0.39 +0.37 +1.60 +0.29 -1.35 +0.07 +2.36 -2.06	+0.39 +0.37 -1.60 +0.29 -1.35 +0.07 +2.36 -2.06	±1.5508 ±1.6453 ±1.1762 ±1.3618 ±1.5272 ±1.6689 ±4.0410 ±4.2705

			~~
Dranges are for Eco, the	erefore positive o	kange denotes a v	reals curred

Jan_2	£	5	DM	Yen	F Fr.	S Fr.	HFI.	Lira	C S	BF
£	1	1.612	2.755	235.8	9,398	2533	3.110	2065	1871	58.0
	0.620	1	1.709	146.3	5.830	1571	1.929	1281	1161	36.0
DM	0.363	0.585	11.68	85.59	3.411	0.919	1.129	749.5	D.679	21.0
YEN	4.241	6.836		1000.	39.86	10.74	13.19	8757	7.935	246
F Fr.	1.064	1.715	2931	250.9	10.	2.695	3.309	2197	1.991	61.7
S Fr.	0.395	0.636	1088	93.09	3.710	1	1.228	815.2	9.739	22.9
N F3.	0.322	0.518	0.886	75.82	3.022	0.814	1	664.0	0.602	18.0
Lira	0.484	0.781	1.334	114.2	4.551	1.227	1.506	1000.	0.906	28.3
C S B Fr.	0.534 1.723	0.862 2.777	1.472	126.0 406.2	5,023 16,19	1.354 4.363	1.662	1104	3.223	31.0 100

Calls Mar 3-41 2-51 2-03 1-27 0-58 0-37 2-58 2-07 1-26 0-50 0-37 0-23 0-20 0-33 0-54 1-22 1-63 2-49

FINANCIAL FUTURES AND OPTIONS

95	0-22	1-24	2-58	2-52	102	0-14	0-53	3-40	4-23
Stimute Previous	d volume t day's open i	otal, Calik nt. Calis II	715 Puts 9270 Puts (25 9906	Estimates Previous d	wokume tr ay's open i	ptal, Calls et Calls 16	0 Puts 0 43 Puts 81	34
JFFE E. 25,000	S OPTION Costs per	\$ £1)			LIFFE EL	RODOLLA is of 100°	R OPTIONS	1	_
Strike Price 145 150 155 165 165 170 175	Calk-2 Jan 16.40 11.40 6.40 2.06 0.27 0.01	11 40 140 440 3.09 1.24 0.39	Pats-se Jan 0.90 6.00 6.06 0.94 4.15 8.90 13.89	tilenthis Feb 0.05 0.29 1.12 3.00 6.15 0.30	Strike Price 9100 9125 9150 9175 9200 9225 9250	Cally-98 Mar 0.78 0.74 0.51 0.34 0.19 0.10	1.19 0.97 0.75 0.57 0.41 0.28 0.17	Patts-92 Mar 0.02 0.03 0.05 0.13 0.23 0.39 0.59	Jus 0.05 0.08 0.11 0.18 0.27 0.39 0.53
		stal, Calls et. Calls 85			Estimated Previous ri	volume to	gal, Calls I e. Calls 52	950 Pats 2 21 Puts 33	200 64

Previous day's open lat. Calls 85 Pubs 1

CHICA	GO									
U.S. TREASURY BONDS (CRT) 8% \$100,000 3246; of 100%										
Mar Joh See Dec Mar Jun See Dec Mar Jen	Latest 98-11, 98-92, 97-24, 97-10	High 98-18 98-14 98-7-24 97-24 97-18	98-10 98-07 98-07 98-02 97-24 97-17	Pre. 98-21 98-117 98-01 97-23 97-05 96-24 96-18						
				_						

SWISS FRANC CIMIO SF: 125,000 \$ per SF

PHILADELPHIA SE C/S OPTIONS £31,250 (cents per £1)

EUROPEAN OPTIONS EXCHANGE

Vol Last Vol Last 26 19 - -17.10 12 8.10 b 5.20 b 1.50 1.50 1.30 6.50 a 9.60 1.4 b 283851911511204 - 618 4.30 4.10 6.30 8.80 11.50 406 203

7.50 20 8.90 2 7. Fl. 300.96 43 11.50 2 13 Fl. 300.96 43 12.50 2 1. Fl. 300.96 6 4.20 5 - Fl. 192.45 18 2.50 44 3 Fl. 192.45 - 35 1.60 Fl. 192.45 81 1.30 24 1.80 8 Fl. 192.45 - 100 33.30 a Fl. 192.45 40 3.70 151 130 20 11 a 2-90 3.40 2 0.50 0.80 1.40 1 0.80 1.50 18 60 30 31 8.30 1.50 5.50 220 39 13 42 49 71 9 35 228 90 120 60 35 2.30 3.30 4.50 0.20 -4 2.20 1.10 1.70 3.30

6077831 - 52535255942457448472648 31 502829 1.10 1.70 0.30 2.80 0.40 1.50 5.30 3.70 4.70 7 TOTAL VOLUME IN CONTRACTS: 29,471

FT LONDON INTERBANK FIXING

MONEY RATES

8.10-8.25

LONDON MONEY RATES

154

148

Treasury Bills (sell); one-month 1.4% per cent; three months 1.4% per cent; Bank Bills (sell); one-month 1.4% per cent; three months 1.4% per cent; Treasury Bills: Average tender rate of discount 14.4790 p.c. ECGD Fixed Rate Sterling Export Financa. Make up day December 29, 1989. Agreed rates for period January, 24 1990 to February, 25, 1990. Scheme 1.9. 1989. Scheme 1.9. 1989. Scheme 1.9. 1989. Scheme 1.9. 1989. Local Authority and Finance Houses seven days notice, others seven days fluck Finance Houses Base Rate 15½ from January 1, 1989; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and overheld under one month 11½ per cent; one-three months 13 per cent; three-tis months 13 per cent; six-nine months 13 per cent, nine-twelve months 13 per cent, Under £100,000 11½ per cent from Oct 9,1969. Deposits withdrawn for cash 5 per cent.

6 months US Dollars

Treasury Bills and Bonds

8.15-8.30

8.00 9.50

14444

(11.00 a.m. Jan.2) 3 months US dollars

7.95.8.10 11-11-1 7-17-73 8.38.8.50 61-62 125-127 5.85 11-11-1

15% 14% 15

15/2

NEW YORK

(Lunchtime)

LIFFE US TREASURY BOND FUTURES OFTERS \$100,080 64ths of 180% LIFFE BURD FUTURES OFTEN Jun 1.61 1.92 2.62 3.01 3.42 3.85 0.08 0.18 0.23 0.27 0.34 0.43 1.60 1.44 1.25 1.04 0.86 0.70 Estimated volume total, Calls 2078 Pais 912 Previous day's open let. Calls 32546 Pais 13214 POUND-S (FOREIGN EXCHANGE 16120 16120 1-mmin. 3-mmin. 6-mmin. 12-mmin. 1.6026 1.5865 1.5623 1.522 THE STEELING SO HER E

High Low Pres. 0.6954 0.6920 0.6968 0.6980 0.6945 0.6989 0.7012 LONDON (LIFFE) High 93-05 92-04

Estimated volume 11462 (3813) Previous day's open int. 31049 (31112) 91.93 92.09 92.09 91.87 91.75 91.53 91.53

11.50

4.20

102.60 103.00

Est. Vol. (inc. figs. not shown) 24028 (18387) Previous day's open int. 110022 (111140) THREE MONTH EUROPOLLAN Slat points of 190% Jan Sep Dec Mar Sep

91.67 91.77 91.82 91.93 92.07 92.17 Part of the part o

Estimated volume 8156 (1184) Previous day's open last, 21086 (20934)

High Low 2497.0 2457.0 Estimated volume 31.72 (3614) Previous day's open lat, 21303 (21006)

BASE LENDING RATES

ABN Bank • Adam & Company Allled Trust Bank Co-operative Bank Costis & Co Orpras Popular Bk . Dumbar Bank PLC ... Dencar Lawre Exectorial Bank pic Exects Trust Ltd Financial & Gen. Bank Financial & Gen. Bank First Hatlord Bank Pfc. & Robert Fleming & Co... Robert Fraser & Purss. Girobank Rack Happalian

Back Credit & Comm

Back of Cyprus

Back of Ireland

Back of Ireland ISB United Blt of Kuwait United Microbi Sauk United Microbi Sauk Unity Trust Sauk Pfc Western Trust Western Trust Western Laidlaw Yorkshire Sauk HFC Back pk.

Hambros Back.

Hampshire Trust Plc.

Heritable & Gen law Bek.

Hill Samuel.

C. Hoard & Co.

Hoodown & Skauch

City Merchants Bank coate & CO.

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- coped & Seangh
- Leoped & Sons
- Lloyds Bank
- Medianal Boark
- Medianal Donglas Enk
- Midland Bank
- Mount Banking
- Rat Bt. of Kumait
- Rat Mystanlester
- Rat Mestanlester Members of British Merchant Bankley & Securities Rosses Association. ** Deposit sow 5.9% Swewise 8.5%. Too The 120, Onto Institut access 12.8% & Mortgage have rate. § Demand deposit 9%. Mortgage 15.2% - 15.95%.

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advertising appears every Saturday in the WEEKEND FT.

To place your advertisement please telephone JESSICA PERRY 01-407 5756, STEPHANIE SPRATT 01-407 5750 LOURDEZ BELLIS 01-407 5752

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Oranville & Co. Limited 77 Mansell Street, London El 8AF Telephone 01-488 1212 Member of TSA G

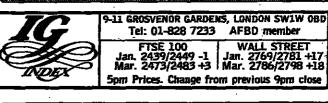
Granville Davies Limited meell Screer, London E1 8AF Telephone 01-488 1212 Member of The ISE & TSA

Yorkshire International Finance B.V. £75,000,000 Guaranteed Floating Rate Notes due 1994 Guaranteed on an unsubordinated basis by

Yorkshire Bank PLC

In accordance with the provisions of the Notes, Notice is bereby given that for the three month period December 29, 1989 to March 30, 1990 the Notes will carry an interest rate of 15.3125% per annum with a coupon amount of £190.88 per £5,000 **& NatWest Capital Markets Limited**

Agent Bank



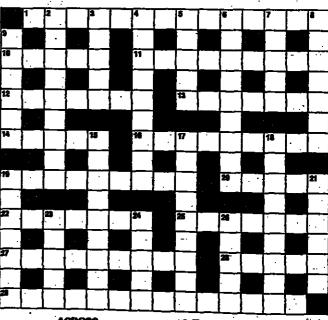


SWIH ONW Tel: 01-799 2233

JOTTER PAD

CROSSWORD

No7,128 Set by DANTE



ACROSS 1 Politically correct steps to take (14)

take (14)
10 Explosive device found on the beach (5)
11 Permissive play? (9)
12 It's worn with one's arm inside (7)

12 it's worn with one's arm inside (?)

13 A giant one goes to a fairy queen (?)

14 Acids ruined the echo sounder (5)

16 New speed cuts thought likely (3)

19 Clear love declaration (8)

20 Not an ineversible belief (5)

22 Relatively favourable (?)

25 The mace in a form still used as a weapon (?)

26 Partly under water from waves caused by a passing vessel (5)

27 Sir, I-heard alert — move to a place of safety (3-4,?)

DOWN

DOWN

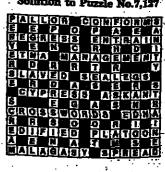
2 Charged too much? (9)
3 Tell of secret division (5)
4 Concerns financial gains (9)
5 A dark place of retirement in France (5)
6 Going back to living by oneself? (2,7) 7 Silky material seen in one piece (5)

spot (7) 21 Produce nippers (6) 28 A prose form that gives diffectities (5)
24 An unruly one might be told off and left inside (5)
28 Swim before one can walk Solution to Puzzle No.7,127

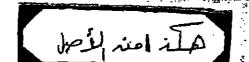
(7) 8 Complaint about Ma's hat

(6)
15 Where you serve yourself tea, if care is exercised (9)
17 Desultory game may eventually erupt explosively (4.5)
18 Time of immaturity, but apparently not too worms.

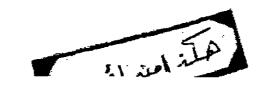
apparently not too young for a proposal (6.3) Junior accountant's heliday



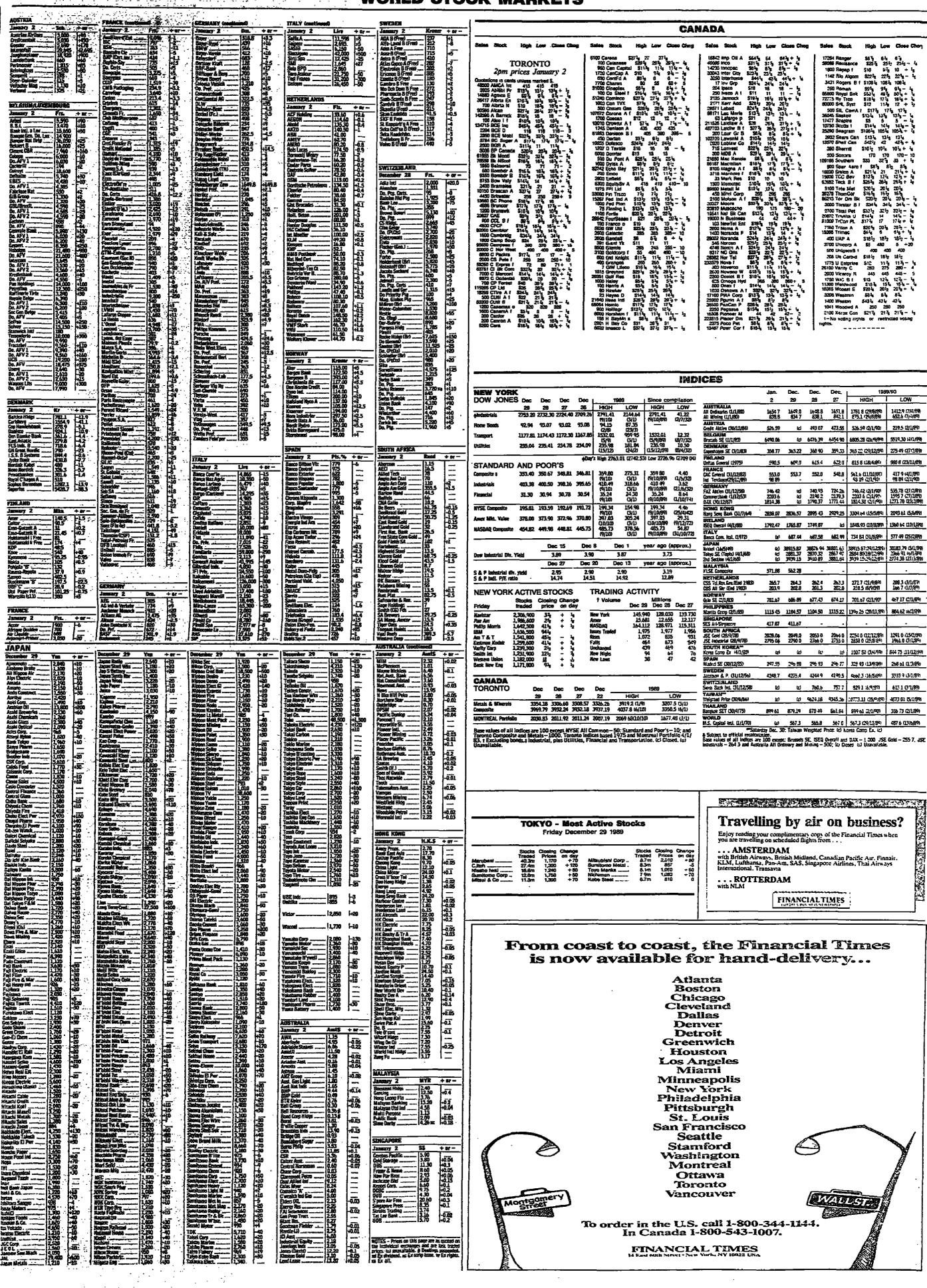
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WORLD STOCK MARKETS



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NASDAQ NATIONAL MARKET

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Seles figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the ourrant week, but not the latest trading day. Where a spit or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend sere annual disbursaments based on the latest declaration.

a-dividend siso xira(s), b-annual rate of dividend plus stock dividend. O-liquidesting dividend, cid-called, d-new yearly low.

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AMERICA

Dow makes positive start to the new decade Dealers buy Frankfurt

Wali Street

THE DECADE opened on a positive note, with equities trading higher throughout yesterday morning, writes Karen Zagor in New York.

At 2pm, the Dow Jones Industrial Average was up 21.12 at 2,774.32 after falling more than 13 points shortly after the market opened Vol-

after the market opened. Vol-ume on the New York Stock Exchange was fairly light, with less than 95m shares changing hands by 1.30pm. On the big board, advancing issues outpaced those declining by a

ratio of three to two. The stock market took some strength from yesterday morn-ing's purchasing managers' report, which indicated that the industrial sector of the economy was stronger than expected. Although the report indicated that the economy was declining for an eighth consecutive month. Decem-ber's purchasing managers' index of 48 per cent was its lowest rate of decline since last June. In November the index was 46.6 per cent and the market had expected December's

figure to be the same.

The news was not entirely positive. There were declines in the vendor deliveries index and the price index, indicating continued weakness in the

underlying economy.

The data failed to bolster the debt market. At mid-session, the Treasury's benchmark 30-year bond was down 1/2 point at 101%, yielding 7.97 per cent. At the short end of the yield curve the two-year issue was unchanged, yielding 7.83 per cent. The purchasing managers' report was more bullish for the dollar, which was quoted at Y146.10 and DM1.7110 in active New York trading, considerably higher than its considerably higher than its late Friday level of Y143.85 and

DMI.6897.
Traders expect the stock market to receive support at the start of the year from reinvestment demand from pension funds and other institutions. A number of technology stocks, which fell sharply at the end of the year, rallied yesterday morning. IBM gained \$2% to \$96%. Digital Equipment added \$1% to \$83%. Com-

yesterday after the New Year holiday had a good start to 1990, writes Our Markets Staff. SINGAPORE brushed aside

last Friday's announcement that the the Kuala Lumpur

Stock Exchange would not recognise the new Singapore

over-the-counter market, known as CLOB International. CLOB, launched yesterday to offset Sunday's delisting of 182

Malaysian stocks from the Stock Exchange of Singapore (SES), made a brisk start. It led

a rush of speculative buying which took the Straits Times Industrial index up 18.13 to

1969

-2.61 5.25 14.29 -3.8 13.2

Denmark

Hong Kong

13.16 -25.67 23.87 0.6

paq improved \$1% to \$81%. Unisys was up \$% to \$15% and Apple gained \$1 to \$36% in over-the-counter trading.
Among featured stocks, Toys 'R' Us rose \$2 to \$37% after the company said sales for the

important Christmas period were 22.7 per cent higher than a year earlier.

Consolidated Stores fell \$½ to \$3% in unusually active trading amid speculation about weak Christmas sales. However, a number of retailing stocks did reasonable well yes-terday morning. Wal-Mart added \$1% to \$45%, Sears advanced \$% to \$38%, and Woolworth rose \$% to \$65%.

Among specialty retailing

Yesterday marked the first day of the split between the

Kuala Lumpur and Singapore

exchanges. Acting on govern-ment orders, Malaysian compa-nies, which had accounted for some 40 per cent of daily vol-ume, withdrew their listings

from the Singapore bourse.
KUALA LUMPUR, which
added on Friday that it will list

and quote warrants and trans-ferable subscription rights, saw sentiment lifted by Friday's rally on Wall Street, and

favourable local reaction to the

split from Singapore. Gains outnumbered losses by 150 to

1989

23.29 12.28 28.34 2.0 80.4

Austria

Finland

BY AND large, the Pacific 1499.46, tantalisingly close to Basin markets which reopened its all-time high of 1,505.

shares, the Gap added \$% to \$51%. Lands' End added \$% to \$20% and the Limited increased \$% to \$35%.

Dupont rose \$% to \$123% after the company and it.

after the company said it would sell its rivology blood would sell its rivology blood screening business to Ortho Diagnostics Systems, a subsid-iary of Johnson and Johnson, and Chiron of Eneryville, Calif-ornia. Johnson & Johnson slipped \$% to \$59% and Chiron added \$% to \$29 in over-the-counter trading.

Union Pacific gained \$1¼ to \$78½ after the company said it would sell most of the assets of its Union Pacific Realty subsidiary for about \$522m to an affiliate of The Well Company for a filliate of The Koll Company. A

35, turnover rose from 125m to 134m shares and the KLSE

composite index rose 9.50 to a new record high of 571.88. AUSTRALIA firmed in thin

trade, led by resource issues. The All Ordinaries index gained 5.7 to 1,654.7 as turn-

over slumped to 42m worth

A\$53m from 111m and A\$214m. The appointment of a receiv-

er-manager to the Australian brewing units of Bond Corp left Bond and its Bell

last Friday. Yesterday it hit the Bell Group associate which

fell 6 cents to 30 cents; Ade-

laide Steamship, which owns 19.9 per cent of Bell, fell 22

2.27 2.01 7.70 -3.1 9.1

France

Belgium

number of blue chip stocks posted gains in morning trad-ing. Philip Morris added \$% to \$42%, AT&T added \$% to \$46, General Electric rose \$% to

DEMAND by foreign investors

Laidlaw class B shares gained C\$1% to C\$27% while its class A shares rose \$1 to

\$65% and Union Carbide improved \$% to \$23%.

Canada

for Laidlaw shares boosted Toronto stocks from an early deficit. The composite index rose 13.3 points to 3,983.7 on volume of 8.2m. Declines led advances 216 to 180.

C\$27% in active trade.

New O-T-C market lifts Singapore

HONG KONG recovered from a 38-point fall in the Hang Seng index in the first half hour, closing 1.50 higher at 2,838.07 after Friday's 58.86 fall. However, turnover reflected the renewed war of words between China and the UK, falling from HK\$940m to HK\$498m, its lightest for three

MANILA finished slightly higher in thin trading as turnover was estimated at around 40m pesos, compared with an average daily turnover of 100m during the last week of December. The Manila composite index rose 10.88 to 1,115.56.

THE PHENOMENON born of West Germany's political, an opening decline the market followed Wall Street's lead and recovered ground. The CAC General index closed down 0.70

on Japanese prospects

industrial and economic pros-pects was demonstrated yet pects was demonstrated yet again yesterday, as domestic caution was again outweighed by speculation about international investment interest, writes Our Markets Staff.

FRANKFURT survived a steep drop at the opening to close with the DAX index up 24.01 on the day, and 2.2 per cent over its early low at

cent over its early low at 1.814.38. The FAZ rose 5.81 to 746.24

at mid-session, and was promising to hit a new all-time high today; its previous high was 753 in April, 1986.

The early drop reflected: a very weak domestic bond market; the metalworkers' wage and working hours necession.

and working hours negotia-tions which begin next week; and, on January 15, exercise day for extremely profitable three-month contracts in the equity options market, which ought to indicate prospects of substantial selling.

The recovery was widely ascribed to foreign investment buying, following the Japanese interest which led last week's rally. However, there was domestic and UK buying from traders who evenet to pass the traders who expect to pass the stock on to the Japanese when their market reopens tomorrow after an extended New Year

PARIS saw thin volume as investors drifted slowly back after the holiday period. After

at 553.00. Euro Disneyland provided the main interest, rising FFr2 to FFr94.50 with 236,000 shares changing hands. This is the last week before American investors can enter the fray, and investors have been show-ing renewed interest in the

stock. Paribas, which announced yesterday that it was setting up a foreign shareholders' com-mittee, slumped FFr24 to Ffr700 after profit-taking. Other stocks attracting

attention included Lafarge ahead of its four-for-one share split tomorrow. It closed FF12 up at FFr1,602.
AMSTERDAM balanced a

slump on the Dutch bond market with the stronger US dol-lar. Royal Dutch Shell rose Fl 2.20 to Fl 148.50, while Uni-lever rose Fl 1.70 to Fl 162.30. The CBS general index closed 1.1 up at 203.9. BRUSSELS had a breakdown

on its bourse computer, which must have reminded stock exchange officials of the embarrassments of mid-October, when its new system was out for six days during a world-wide slump in share

However, yesterday's was a very brief lapse, and the cash market added 13.67 to close at 6,490.06.

MILAN was delayed too, in this case by a 20 minutes' strike by stockbrokers who halted trading to protest against the lack of progress in modernising Italy's securities industry in preparation for 1992, and the advent of a single European market. Share prices finished little changed in quiet trading.

trading OSLO continued to benefit from higher crude and refined oil prices in busy trading. The all-share index closed 12.45 up at 539.94 in NKr420.3m worth

of trading.
While all industry indices closed shead, oil stocks were in particular demand; Norsk Hydro added NKr5 to close at NKr178, while Saga Petroleum closed NKr2.5 up at NKr67.5
STOCKHOLM closed slightly

lower in quiet trading worth SKr150m. The Affärsvärlden General index slipped 16.3 to 1,246.1. Against the general trend, Ericsson free B shares gained SKr5 to close at SKr885. HELSINKI fell sharply as profit takers took advantage of some of the gains made prior

some of the gains made prior to the Christmas break. The Unitas all-share index closed 18.5 down at 590.5 in trading worth FM56.2m. COPENHAGEN closed lower

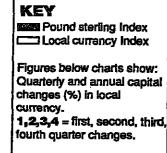
in thin volume, the bourse index finishing 4.45 lower at MADRID edged slightly for

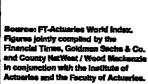
ward in quiet trading. The general index closed 0.95 up at

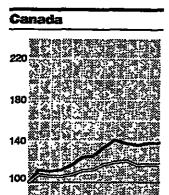
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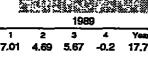
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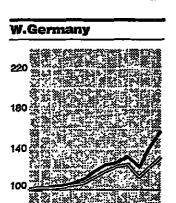
HOW THE WORLD MARKETS PERFORMED IN 1989

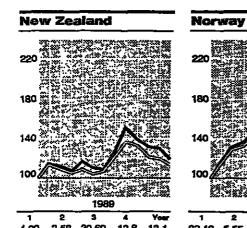


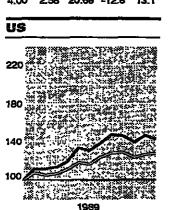


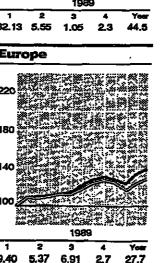


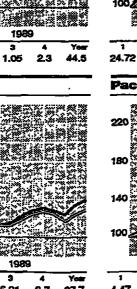


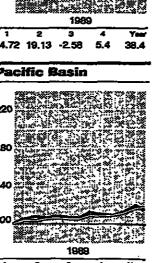




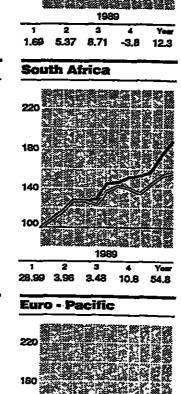




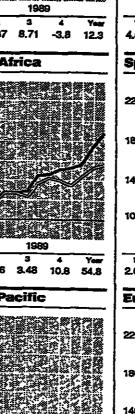


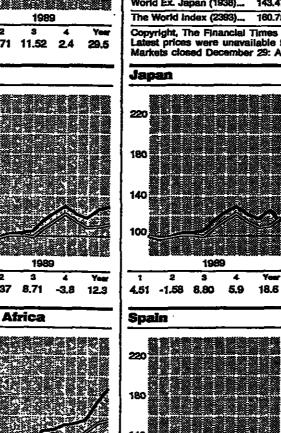


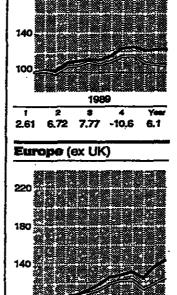
Singapore

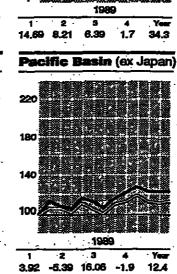


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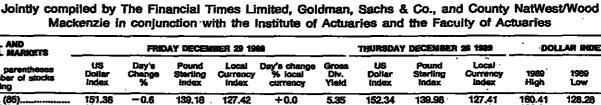








Sweden



FT-ACTUARIES WORLD INDICES

NATIONAL AND REGIONAL MARKETS _	FRIDAY DECEMBER 29 1988							THURSDAY DECEMBER 28 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling index	Local Currency Index	Day's change % local currency	Gross Div. Yleid	US Dollar Index	Pound Sterling Index	Local Currency Index	1989 High	1989 Low	Year ago (approx)	
Australia (85)	151.38	-0.6	139.18	127.42	+0.0	5.35	152.34	139.98	127,41	160.41	128.28	144,49	
Austria (19)	182.20	+0.0	187.52	159.93	+0.0	1.52	182.24	167.45	159.93	182.24	92.84	95.94	
Belgium (63)	154,67	-0.1	142.21	135.79	+0.0	4.10	154.88	142.32	135.79	154.88	125.58	135,10	
Canada (120)	152.18	+0.6	139.92	127.66	+0.8	3.14	151.22	138.95	126.64	154,17	124.87	125.55	
Denmark (36)	242.22	+0.3	222.71	216.77	+0.2	1.45	241.57	221.97	216.35	242.22	165.35	156.66	
Finland (26)	133.30	-0.4	122.56	113.09	-0.4	2.49	133.83	122.97	113.54	159.16	118.63	130.87	
France (126)	156.03	-0.3	143,46	141.59	+0.1	2.64	156.44	143.75	141.47	156.44	112.57	115.04	
West Germany (98)	123.72	-0.3	113.75	108.80	+0.0	1.94	124.05	113.98	108.80	124.05	79.56	87.96	
Hong Kong (48)	117.13	- 1.9	107.70	117.37	~ 1.9			109.69		140.33	86.41		
	181.54	+0.6	166.91			4.86	119.38		119.67			111.80	
reland (17)				164.88	+6.9	2.84	180.38	185.73	163.17	181.54	125.00	131.78	
taly (97)	98.43	~0.3	90.50	93.23	+0.0	2.46	98.75	90.74	93.26	98.75	74.97	85.13	
Japan (455)	197,40	-0.1	181.50	179.43	+0.3	0.45	197.58	181.55	178.84	200.11	164.22	191.50	
Malaysia (36)	229.04	~0.4	210.59	238.04	-0.4	2.25	229.99	211.33	238.94	229.99	143.35	143.50	
Mexico (13)	325.47	+0.7	299.25	957 <i>-2</i> 3	+1.2	0.54	323.10	296.89	946.04	326.61	153.32	161.84	
Netherland (43)	143.89	+0.5	132.30	125.50	+0.8	4.25 ·	143.23	131.61	124.47	143.69	110.63	112.41	
New Zealand (18)	72.09	~0.3	66.28	64.44	+0.3	5.47	72.28	66.42	64.23	88.18	62.64	67.60	
Norway (24)	199.85	+1.8	183.75	178.89	+21	1.52	198.27	180.35	175.29	199.85	139.92	138.93	
Singapore (26)	177.21	-1.4	162.93	155.16	-0.9	1.88	179.77	165.19	156.53	179.77	124.57	125.10	
South Africa (60)	196.53	-0.4	180.70	152,07	+0.5	3.72	197.36	181.35	151.38	197.36	115.35	116.85	
Spain (43)	163.08	-0.2	149.94	135.16	+0.1	3.90	⁻ 163.44	150.18	135.02	169.75	143,14	148.39	
Sweden (35)	192.05	+0.2	176.58	176.05	+0.0	1.95	191.63	176.08	176.03	192.05	138.45	144.60	
Switzerland (62)	94.07	~0.3	86.49	89.95	+0.0	1.99	94.31	86.86	89.95	94.31	67.81	78.08	
United Kingdom (303)	158.70	+0.9	145.91	145.91	+1.0	4.28	157.23	144,47	144.47	158.70	133.28	135.31	
JSA (542)	143.05	+0.8	131.53	143.05	+0.8	3.27	141.95	190.43	141.95	146.29	112.13	113.18	
urope (990)	142.38	+0.3	130.91	128.34	+0.5	3.29	141.97	130.45	127.74	142.38	112.63	114,59	
Vordic (121)	187.37	+0.4	172.27	162.89	+0.3	1.74	186.69	171.54	162.46	187.37	137.95	139.65	
Pacific Basin (668)	192.59	-0.1	177.07	174.97	+0.3	0.69	192.86	177.21					
Euro - Pacific (1658)	172.86	+0.0	158.75	156.34	+0.3	1.56	172.65	158.65	174.49	194,72	180.44	186.33	
North America (662)	143,48	+0.8	131.93	142.07	+0.8	3.26			155.81	173.24	141.56	157.61	
Europe Ex. UK (687)	131.09	+0.0 0.1	120.53	117.62			142.40	130.84	140.97	146.66	112.79	113.84	
Service St. UK (00/)					+0.1	263	131.27	120.62	117.46	131.27	96.30	101.40	
Pacific Ex. Japan (213)	134.94	-1.0	124.07	119.90	-0.6	4.82	136.33	125.26	120.64	140.05	111.93	124.57	
Norid Ex. US (1851)	172.27	+0.0	158.39	155.56	+0.4	1.63	172.24	158.27	155.01	172.78	141.49	156.09	
Vorid Ex. UK (2090)	160.98	+0.2	148.01	151.88	+0.4	1.93	160.68	147.65	151.19	160.98	136.98	140.06	
Norld Ex. So. At. (2333)	180.54	+0.3	147.61	151.27	+0.5	213	160.13	147.13	150.53	160.54	136.67	139.76	
Norld Ex. Japan (1938)	143.47	+0.5	131.91	136.78	+0.6	3.34	142.76	131.18	135.96	143.47	114.51	114.64	
he World Index (2393)	160.75	+0.3	147.81	151.26	+0.5	2.14	160.35	147.34	150.53	160.75	136.68	139.62	

est prices were unavailable for this edition Markets closed December 29: Austria, Belgium, West Germany and Switzerland.

